





Ukraine parliament votes to withdraw trading privileges from Chernobyl charities

# Kiev in tax break clampdown

By Matthew Kaminski in Kiev

The Ukrainian parliament has voted to withdraw the tax breaks which have enabled charities helping victims of the Chernobyl disaster to become major importers of consumer goods.

The measure, if signed into law, marks the end of a regime of tax breaks for official bodies - even for parliament itself, which was this year responsible for a quarter of the country's beer imports.

The country's market reform lobby has campaigned for an end to the trading privileges held by charities, special funds in the cabinet, the presidential administration and parliament, which officials said cost the budget \$70m hryvnia (\$465m) this year in lost revenue.

Under a law aimed at helping the 3m Ukrainians classified as *posradshy* (injured) by the 1986 nuclear

accident, the Chernobyl charities are exempt from value added tax and import duties - tobacco, alcohol and oil were removed from the exemption by a recent government ruling.

Mr Vladimir Shovkoshitny, president of the International Chernobyl Union, one of the main charities, which has 540,000 beneficiaries, said he had been counting on a turnover of \$1bn in trading from four commercial arms next year. He said profits from trade - \$1.2m this year - went to pay for health care and children's trips abroad.

The proposed removal of tax reliefs follows the recent abolition of benefits such as free bus travel and low-rent housing.

Mr Shovkoshitny said this time the government had gone too far. The group is planning protests over the proposed changes.

"They're trying to solve the country's economic problems at the cost

of the indigent and sick, people who have a hard enough time trying to fend for their future," Mr Shovkoshitny said. "I wouldn't sit here unless every last cent we made went just for them."

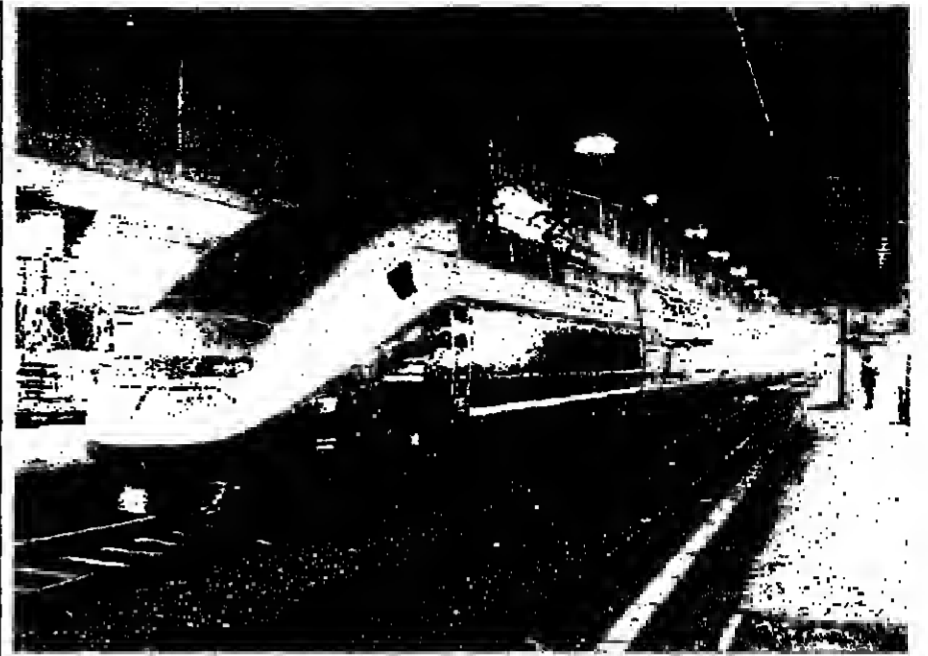
An October presidential decree wiped out three decrees that exempted organisations set up by parliament, the presidential administration and the cabinet - for purposes described in vague terms as helping them "fulfil their work". Also exempt were groups such as the Ukrainian Olympic Committee and the Fund to Support Art and Culture, opened by former President Leonid Kravchuk after his 1994 electoral defeat.

Parliament has its own collective farm called *Chaika* (which means gull) - a legacy of the Soviet era that ensured parliamentarians had fresh vegetables for lunch. *Chaika*, which avoided 20 per cent VAT, this year

accounted for a quarter of Ukraine's beer imports. Mr Serhei Triokhin, an MP who has fought the exemptions, said that after losing its tax breaks in October, parliament this month used a Chernobyl group to purchase \$5m worth of Italian furniture for deputies' housing.

October's decree was never published in a newspaper, as it must be to be valid. Mr Victor Pynzanyk, a deputy prime minister, said it was being implemented anyway, yet western advisers are not convinced the *myriad system of льготы* - loosely translated as benefits - can be dismantled quickly.

"There are so many exemptions that you can't honestly say they've got rid of all of them since the government does not really know what they all are," a western economist said. "But going after the Chernobyl groups shows they're serious about it."



On board: SNCF double-deck trains will meet demand for high-speed services

# SNCF on the fast track with double-deck trains

By Charles Batchelor, Transport Correspondent

SNCF, the French state-owned rail company, will today introduce double-deck trains on high-speed rail services between Paris, Lyons and the south of France.

The Duplex trains, a *grande vitesse* have become necessary to meet demand for high-speed services - some stations could not have coped with longer trains.

The 30 new trains can carry up to 516 passengers, 40 per cent more than the present trains and will have upgraded signalling. They will increase capacity on the Paris-Lyons route from 9,000 passengers an hour in each direction to 22,000. The

trains will be introduced at the rate of one a month.

TGVs started running between Paris and Lyons in 1981 and rapidly captured 80 per cent of the market from the airlines. SNCF's south-east network now runs 150 TGVs a day and carries 17m passengers a year.

The trains cover the 426km between Paris and Lyons in two hours at speeds of up to 270kph - the line is being upgraded to allow speeds of 300kph. The trains cost FF105m (\$20m) each, 30 per cent more than a single-decker. Greater seating capacity and improved technology will mean a saving of 15 per cent per seat on running costs.

The designers have created more space in carriage interiors by lowering the carriage floor, raising the height of the carriages by 20cm and providing panoramic windows. Light-weight materials have been used to reduce damage to track, while electrical equipment which normally goes under the floor of each carriage has been placed under the bar-buffer in the centre of the eight-carriage trains.

The Paris-Lyons TGV achieved a return of 15 per cent and paid for itself within 10 years but lower than expected returns from other lines have forced SNCF to rethink its TGV master plan unveiled in 1990, which foresaw the construction of 16 new lines covering 4,700km. This network may not be completed until 2025.

# Moscow attacks Nato expansion

By Bruce Clark in Brussels

Mr Igor Rodionov, the Russian defence minister, made a thundering attack on Nato expansion yesterday and re-affirmed Moscow's threats to retaliate if it goes ahead.

But the minister, who delivered one of Moscow's harshest messages to the alliance in months, confirmed Russia might withdraw its objections in return for a treaty formalising its relations with the alliance.

The Russian minister unexpectedly refused to endorse an agreement for Moscow and the alliance to exchange liaison officers.

This step had been strongly advocated by the US as a confidence-building measure.

Nato expansion could bring "a return to the cold war which we struggled so hard to bring to an end," said Mr Rodionov.

Moscow could be forced against its will to hit back with "corresponding measures" that would affect Nato "in the political, economic and military spheres".

"It is not excluded that Nato expansion will disrupt the functioning of existing treaties and the ratifications of new ones," he added, citing the Start-2 agreement on long-range nuclear arms launch a swift enlargement process at a summit in Madrid next July.

To soften the impact of enlargement, the alliance has also instructed Mr Javier Solana, the Nato secretary general, to start talks with Russia about the possibility of a formal Nato-Russia treaty or charter, ideally by July.

Asked by Russian television whether a full-blooded Nato-Russia treaty might compensate Moscow for the blow it suffered as a result of an enlargement, Mr Rodionov said: "Possibly."

Mr William Perry, the US defence secretary, said after a stormy meeting between

Mr Rodionov and his Nato counterparts that he was not sure what exactly the Madrid summit would decide to do in respect of enlargement.

Mr Perry said the Madrid summit faced difficult and important decisions. He added that he could not predict the outcome of debates in western legislatures, including the US senate, about whether to ratify enlargement.

US officials were at pains afterwards to stress that Mr Perry was merely noting the complexity of the enlargement procedure, and he did not intend to question Nato's commitment to take in new members.

## 'Strategic balance in Europe will be upset' - Rodionov

# Czech justice minister resigns after titles row

By Vincent Boland in Prague

In a country as status-conscious as the Czech Republic there are few sins greater than claiming qualifications that one does not possess. Mr Jan Kalvoda, the Czech justice minister and senior law officer, became the biggest casualty of a row over misuse of titles when he admitted on Tuesday that his Doctor of Law title was a fake, and resigned his ministerial post and his parliamentary seat.

His resignation is a severe headache for Mr Václav Klaus, the prime minister, and his fragile coalition. It could lead to a shift in the balance of power within the government, which is held together by a complex agreement setting out which of the three parties gets what posts.

Mr Kalvoda, who in addition was a deputy prime minister, is likely to be

removed as leader of the Civic Democratic Alliance (ODA), a junior coalition member. The ODA, which likes to stress integrity in government, was meeting last night to decide his fate, putting a damper on celebrations to mark its seventh birthday.

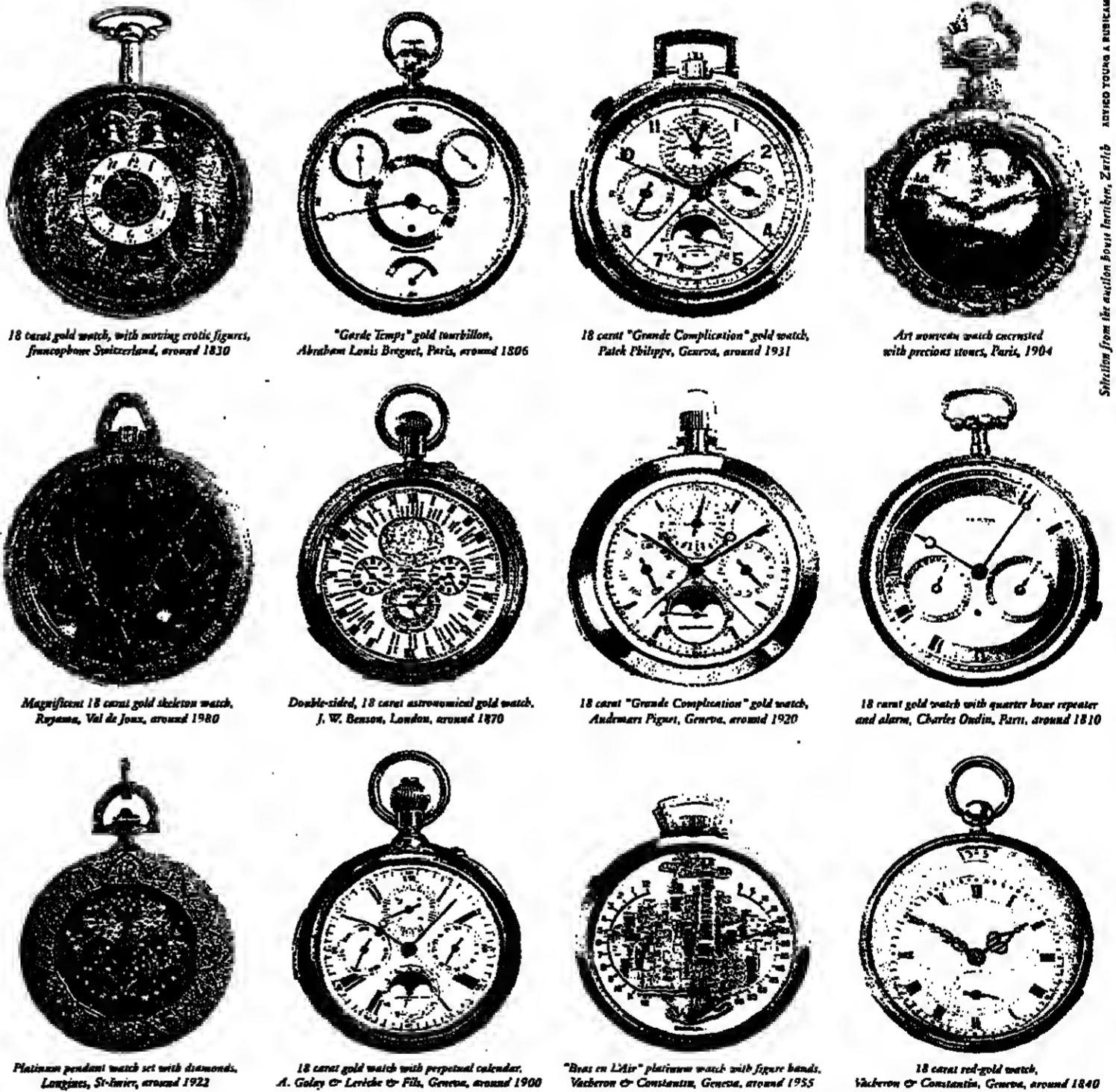
Mr Kalvoda's sin was to claim the title JUDr, one of the most prestigious designations of all in a country obsessed by the status endowed by educational qualifications. While he is a graduate of the law faculty of Charles University he did not sit the examination that would have allowed him to use that title. His appointment to the justice portfolio in June was hailed because he was seen as eminently qualified and had been an effective advocate of judicial reform. He was also regarded as unassuming and honourable. His fall came amid a continuing row over

the misuse of the same title by four other MPs, only one of whom has so far resigned. There have been many allegations over fake qualifications recently after local newspapers uncovered the practice among candidates standing in last month's senate election.

However, suspicion had not fallen on Mr Kalvoda. There was speculation yesterday that "someone pushed him against a wall" and forced him out, as one commentator put it.

Mr Kalvoda told parliament on Tuesday he regretted being "the next instalment of this soap opera". President Václav Havel asked him to reconsider his resignation to no avail.

If the ODA cannot put forward an acceptable candidate to replace Mr Kalvoda there could be a reshuffling of senior posts within the government, commentators said.



18 carat gold watch, with moving exotic figures, J. Neufchatel, Switzerland, around 1830  
 "Grande Temps" gold tourbillon, Abraham Louis Breguet, Paris, around 1806  
 18 carat "Grande Complication" gold watch, Patek Philippe, Geneva, around 1931  
 An antique watch encrusted with precious stones, Paris, 1904  
 Magnificent 18 carat gold skeleton watch, Reymond, Val de Joux, around 1880  
 Double-sided, 18 carat astronomical gold watch, J. W. Benson, London, around 1870  
 18 carat "Grande Complication" gold watch, Audemars Piguet, Geneva, around 1920  
 18 carat gold watch with quarter hour repeater and alarm, Charles Oudin, Paris, around 1810  
 Platinum pendant watch set with diamonds, Longines, St-Aviers, around 1922  
 18 carat gold watch with perpetual calendar, A. Galey & Leriche & Fils, Geneva, around 1900  
 "Rus en L'Air" platinum watch with figure hands, Vacheron & Constantin, Geneva, around 1955  
 18 carat red-gold watch, Vacheron & Constantin, Geneva, around 1840

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**Object:** supply and installation of integrated systems for parcel sorting with internal mail conveyance. **Required net capital:** R\$ 2.000.000,00 (reais).  
**Invitation to tender shall be drawn at the following address:**  
 Setor Bancária Norte - conjunto 3 - bloco A - 4th floor - North Wing - Brasília - DF, from December 10, 1996 to February 5, 1997, between 8:30 a.m. and 11:30 a.m. and between 2:30 p.m. and 5:30 p.m. Folder containing the invitation to tender will be sold at R\$ 100,00 (reais). Bidding offers shall be disclosed on February 6, 1997, at 2:30 p.m.

Brasília, December 6, 1996.

José Luiz Valentini  
 Chairman, Special Bidding Committee

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The Hungarian Privatization and State Holding Company (ÁPV Rt.) issued tenders for the sale of certain shares of Bányászati Erőmű Rt. (Bányászati Erőmű Rt. (Pécs Power Plant Limited)) and Vértesszécsi Erőmű Rt. (Vértesszécsi Erőmű Rt. (Vértesszécsi Power Plant Limited)) on or about 31st July 1996. In order to provide investors with the opportunity to prepare bids, the ÁPV Rt. changed the bid submission date of these three companies from 30th October, 1996 to 31st January 1997. Due to technical reasons, the ÁPV Rt. is withdrawing the tenders for the three companies on substantially the same terms.

# Genuine technocrat takes over at UN

New top posting proves a 'great day for the sons of Africa', Michael Littlejohns reports

**M**r Kofi Annan, who will lead the United Nations into the 21st century as its first secretary-general from sub-Saharan Africa, is assured of a hero's welcome when he returns today to his native Ghana briefly.

"Since Friday, the great news has traversed our deserts, our savannahs and our forests," said Mr Daniel Abibi, the Congo delegate who spoke for all the African members at Mr Annan's swearing-in. "This is a great day for the sons of Africa."



Kofi Annan (centre) is congratulated by UN staff men after taking the oath of office as secretary-general.

Mr Annan has been gone from Africa so long that some of that continent's diplomats were said to have been slightly uneasy when he emerged last week as the clear favourite to succeed Mr Boutros Boutros Ghali. But any misgivings evaporated with the UN's recognition of Africa's claim to a second five-year term and the clear acknowledgment that the best candidate was its unanimous choice.

Mr Annan, 55, will take office on January 1. He is the first genuine technocrat among the seven secretary-generals. One observer said yesterday he was likely to be "more secretary and less general", the opposite of his austere predecessor.

Educated in Ghana, the US

and Switzerland, he began his career in international bureaucracy as a 24-year-old administrative officer at the World Health Organisation in Geneva.

Positions in the UN Refugee Agency and New York secretariat followed in a rapid ascent that took him to an under-secretary-generalship as head of the department of peace-keeping operations, widely recognised as one of the best run of all UN offices.

Last year, Mr Boutros Ghali transferred him to Sarajevo as his special representative, succeeding Mr Yasushi Akashi. Mr Annan was already being mentioned as a possible candidate to replace his boss who, at that time, had not said he wanted another term. The suspicion arose that the incumbent may have been getting a potential rival out of the way by despatching him to a political minefield. In the event, he performed

with great skill, presiding over the transfer of the failed UN mission to Nato troops. At the time, the plain-spoken Ghanaian said: "Looking back, we should all recall how we responded to the escalating horrors of the last four years... each of us must ask, what did I do? Could I have done more? ... Above all, how would I react next time?"

In terms of UN operations such as that in Bosnia, there may be no next time, but the

peace-keeping department is better managed now than ever before and better able to respond to any new emergency.

Much of Mr Annan's career has been spent in directing personnel, where he earned a reputation as a humane manager, readily accessible and deeply concerned with the problems of an international civil service that has been maligned, especially in the US.

Mr Annan was born in

Kumasi in what was then the Gold Coast on April 8, 1938. His father, Henry, was paramount chief of the Fante people and elected governor of Ashanti Province. His twin sister, Efua, died in 1990.

His 88-year-old mother, Victoria, recalled last weekend that the young Kofi was a mischievous child who sometimes got into trouble, but always managed to get out of it.

The new UN chief was opposed initially by France: there has been speculation, vehemently denied, that in return for their eventual support the French would get one or more top UN jobs. Mr Annan speaks French well and delivered part of his acceptance speech in that language as well as fielding some questions in French at his first press conference yesterday.

As secretary-general, he faces formidable problems, not least persuading the US to pay its \$1.2bn (\$777m) UN debt and raising the morale of a secretariat buffeted by down-sizing and charges of waste.

One of his first priorities may have to be public relations. He has promised to reach out to congressional critics who control Washington's purse strings.

## Copyright treaties aim at Internet

By Frances Williams in Geneva

Three weeks of negotiations on two international treaties designed to extend copyright rules to the Internet have resolved most of the important disagreements, raising hopes that they will be ready for adoption by tomorrow's deadline.

However, the 128 countries involved in the talks were still struggling yesterday to settle their differences over the scope of exemptions from copyright obligations, the outcome of which is regarded by many as critical to the future development of the Internet.

Under the proposed treaties, prepared under the auspices of the World Intellectual Property Organisation, "temporary" copies of copyrighted material would be covered, even if the material was not downloaded into the user's computer.

The reason for this is to ensure copyright rules extend to material used online, for instance, listening to music called up from an electronic "jukebox" or using an accounting software package without permanent copies being made and kept.

But a wide array of telecommunications companies, software developers and network operators have objected that the proposed treaty language is too vague, potentially inhibiting new Internet developments such as the use of powerful "search engines" capable of visiting millions of Web sites in their hunt for information.

Another source of opposition has come from Internet operators, including big telecoms companies such as AT&T and MCI, and on-line service providers such as CompuServe and America Online, which fear they could be held liable for copyright infringements transmitted by their networks.

## Iranian ties with Turkey grow

By John Barham in Ankara

President Hashemi Rafsanjani of Iran begins a four-day visit to Turkey today, despite Washington's concern over growing ties between Ankara and Tehran. Mr Necmettin Erbakan, Turkey's Islamist prime minister, paid a similar visit to Tehran recently.

Mr Nicholas Burns, State Department spokesman, said Turkey "ought to understand that Iran sponsors terrorism and tries to acquire nuclear weapons. All of us need to isolate Iran, not bring it back into the family of nations."

Mr Erbakan, who has been in power since July, has made rapprochement with Muslim countries a cornerstone of his foreign policy, in contrast with Turkey's traditionally pro-western alignment. Turkey's secularists are also anxious to resist any shift towards an Islamic foreign policy.

Trade will be an important item on Mr Rafsanjani's agenda. He said agreements aimed at raising annual trade from its current \$900m level to \$2bn would be signed.

Trade barriers may be eliminated. Turkey faces a serious energy shortage and wants to increase exports to Iran to offset growing energy imports. It is already buying electricity in Iran, and in August Mr Erbakan signed a \$23bn gas import agreement.

Turkey, a Nato member, has begun discussing defence industry co-operation with Iran in an attempt by Mr Erbakan to balance a defence agreement with Israel imposed on him by his secularist, pro-western defence chiefs.

Mr Erbakan aims to build a series of Islamic international institutions mirroring Nato, the European Union and the G7 group of rich western countries. He and his advisers see Iran as an important member of these organisations.

# Nigerian troops hurt as security worsens

By Antony Goldman in Lagos

Twelve soldiers were injured in Lagos, Nigeria's commercial capital, yesterday when a bomb exploded as the bus in which they were travelling entered the regional administration's compound. "There was blood everywhere," said one bystander, "and nobody seemed to know what was going on or what to do."

It was the second such incident in the city in a week, sharpening an atmosphere of insecurity already high following a security alert by the US State Department. No group has claimed to have planted the devices.

In a statement issued on Tuesday, the US embassy in Lagos warned that it had received information

"that bomb attacks may take place at Nigerian airports during the last two weeks of December," traditionally the busiest time of the year for airlines operating out of Lagos. It did not say where it had got the information.

Yesterday's bomb exploded within the Lagos state secretariat complex, 500 metres from the office of Colonel Muhammed Marwa, the state's administrator.

On Monday, Col Marwa emerged unscathed from an attack on a convoy in which he was travelling in the same part of the city in which three people were injured.

Police say they have arrested eight people in connection with the explosion.

Security officials blamed activists opposed to the military-led gov-

ernment for a spate of bomb attacks earlier this year.

State radio spoke yesterday of "aggressive agitators at home and abroad". Col Marwa is known to be close to Nigeria's head of state, General Sani Abacha.

It is unclear, however, whether such groups have the organisation or resources to strike at such a sensitive target. "It could be political," said one diplomat, "but it could equally be a disillusioned third force operating within the security establishment."

Gen Abacha's son and the wife of Chief Moshood Abiola, the imprisoned opposition leader, have both met violent deaths this year.

There is also speculation linking the bombings to efforts by Col Marwa to clean up the administra-

tion of Lagos, a rich city with many lucrative public contracts. Since his appointment four months ago, Col Marwa has offended entrenched interests with his enthusiasm for the restoration of discipline and probity to public administration.

Officials insist these latest attacks should be no cause for panic. "We have suspects under interrogation and vigilance is being stepped up. The public must be reassured," said one security agent.

The explosions, and the threat they may represent, are nevertheless a profound blow to a government that had seen opposition at home and abroad in its programme to restore Nigeria to civilian rule by 1998 beginning to dissipate.

In addition to his security concerns, Gen Abacha faces additional gloom over the economy, following disclosure on Tuesday by the Italian state-owned energy company, Enel, of its decision to cancel a long-term, \$15bn contract with Nigeria's Liquefied Natural Gas.

LNG officials concede that the project, first floated in 1983, might never have received shareholders' approval without the deal.

They nevertheless insist construction of the \$4bn facility, due to enter production in three years, will continue while new customers are sought in Europe and the Far East.

They are also confident of winning substantial compensation from Enel through an arbitration panel in Switzerland.

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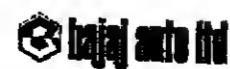
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# Body blow for crusade against terror

## Decks cleared for Albright

Stephen Fidler and Sally Bowen on another setback for embattled President Fujimori

Military intelligence was supposed to be something the government of President Alberto Fujimori was good at. Yet the audacious attack on the Japanese ambassador's residence in Lima by members of a guerrilla movement apparently written off as a serious force has revealed intelligence failings that come close to home for Mr Fujimori.

Improvement in Peru's intelligence operations - as well as a measure of luck - was a crucial factor in the Fujimori government's success against terrorism.

By 1992 the Cuban-inspired Tupac Amaru Revolutionary Movement - the group responsible for Tuesday's attack - was viewed as a largely spent force. The capture in 1993 of Abimael Guzman, the leader of the dead-end Maoist Shining Path movement, dealt a severe blow to that group. Terror attacks declined to such an extent that Mr Fujimori was able to boast that terrorism had been defeated.

In charge of the much expanded intelligence operations since the beginning has been Mr Vladimir Mootosinos, a cashiered



Envoys held hostage: (from left) Morihisa Aoki of Japan, Arthur Schuschnigg of Austria and Germany's Herbert Woelkel

Mr Fujimori's lawyer before he took office. Mr Montasinos has already been hurt this year by allegations of his involvement with drugs trafficking.

Mr Montasinos, rarely seen in public, is widely regarded as the second most powerful man in the country. With Mr Fujimori and General Nicolas Hernandez, head of the joint command of the armed forces for more than five years, he is part of a triumvirate whose fortunes

have been severely damaged by the embassy assault. According to Mr Michael Shifter, a Peru expert at the Inter-American Dialogue in Washington, the attack has happened while senior military figures appear to have been focusing inordinate attention on discrediting Gen Rodolfo Robles, a retired army officer who has been an outspoken critic of human rights violations by the army.

For Mr Fujimori himself, the attack is the latest of a

series of blows that have undermined his popularity over the last year. His popularity rating has fallen from more than 70 per cent to 48 per cent over the last year.

Economic growth has slowed sharply; an expected 2.5 per cent this year translates into zero growth per head. This was necessary after an overheating economy rapidly enlarged Peru's current account deficit, creating the risk of a Mexican-style financial crisis in the country. The risk has

lessened, but only at the cost of sharply lower growth. The president is regarded as having bungled an attempt to win the possibility of a third re-election, having changed the constitution to run a second time in 1995, and he has been damaged by the controversy over Gen Robles.

There is a more subtle message for Mr Fujimori in the decision to attack the envoy's residence. The president, the son of Japanese emigrants, has surrounded

himself with many other Japanese-descended Peruvians in government.

The Japanese government has been one of Peru's most important supporters, backing among other things Peru's successful entry this year into the Pacific-rim trade grouping, Apec.

Mr Ryutaro Hashimoto, the Japanese prime minister, visited Peru in August, and the government has promised big concessional credits for Peru through Japan's Overseas Economic Co-operation Fund - of \$650m next year and similar amounts in 1998 and 1999.

Mr Fujimori's Japanese background was initially viewed as bringing a new honesty to government. Increasingly, however, he is accused of cronyism and there are signs the links to Japan, once a source of strength, are resented.

Amid the chaotic scenes outside the envoy's residence as the world's media descended on Lima, there were no signs that serious negotiations with the guerrillas were going on. The government was awaiting a mission from Tokyo that was expected to advise on the negotiations.

By Jurek Martin in Washington

A series of appointments announced yesterday by the White House underline the extent to which Mrs Madeleine Albright will be able to shape the State Department to her liking.

The most significant foreign policy move is that of Mr Jim Steinberg to be Mr Sandy Berger's deputy at the National Security Council. He has been Mr Warren Christopher's trusted director of policy planning, traditionally an office of influence, since March 1994, and two months ago took on the extra duties of chief of staff when Mr Tom Donilon left.

Virtually all Mr Christopher's under-secretaries will be departing, except, notably, Mr Tim Wirth, the former senator. He runs the global affairs division, encompassing environmental affairs, human rights, the fight against drugs and terrorism, and refugee and migration issues.

The State Department will also be looking for a new spokesman, a high-profile position in the new year. Mr Nicholas Burns, the well regarded incumbent, is a

career foreign service officer and hopes for an ambassadorship, perhaps Turkey.

Mrs Albright will bring in some of her team from the UN. Ms Elaine Shocas, her chief of staff in New York, is expected to assume the same role at the State Department. Mr Jamie Rubin, now her spokesman, could take over from Mr Burns.

Relations between the State Department and NSC, often a source of friction but harmonious during the Bush and Clinton administrations, should remain good, if for no other reason than that Mrs Albright and Mr Steinberg have long been close.

The other White House appointments bear the mark of Mr Erskine Bowles, the new chief of staff. The most notable is that of Mr Rahm Emanuel, already an assistant to the president, to fill some of the duties vacated by Mr George Stephanopoulos, long Mr Clinton's most trusted adviser.

Mr Bowles also named two new deputies: Mr John Podesta, now a university professor but a former White House aide, and Ms Sylvia Matthews, currently chief of staff for Mr Robert Rubin at the treasury.

## Attacks force BP rethink in Colombia

By Robert Corzine in Bogotá

British Petroleum is urgently reviewing security arrangements in its Colombian oil fields after a fully-laden helicopter narrowly escaped being shot down by guerrillas over the Cupiagua oil field, along the eastern flank of the Andes Mountains.

One of the 13 passengers and crew aboard the helicopter was wounded as the craft came under automatic weapons fire from guerrillas hiding near the Cupiagua H well site.

Just over an hour earlier Mr Phil Mead, head of BP's operations in Colombia's Casanare region and the subject of a guerrilla death threat, had flown over the site. "This has been one of our problem areas," he said, pointing to the drilling rig below. "For some reasons the guerrillas seem attracted to this well site."

Although there have been other incidents involving BP helicopters, last week's attack was the first in which a fully-laden helicopter was the target. "Whether that was the intention or not, what we have learned from the attack is that if a helicopter is in the wrong place at the wrong time, the guerrillas have now shown that they won't hold back," Mr Mead said.

Senior managers of BP Colombia are studying the circumstances of the attack to determine whether it marks an escalation in the guerrilla campaign against the company, or whether it was merely an unfortunate, but chance, encounter.

"It wasn't a scheduled flight," said a visibly upset Mr Mead at the company's base camp at Yopal, the regional capital, shortly after the incident. "So the helicopter might just have got in the way. But we can't take any risks. This was just too close."

BP has invested \$2bn

(£1.2bn) in Colombia to develop the Cusiana and Cupiagua oil fields and to explore the nearby Piedemonte area. Last week Mr John Doust, head of BP Colombia, described the projects as "fundamental" to BP's global fortunes. But the company has been criticised for alleged involvement in human rights violations in Casanare and for its close relationship with the Colombian army.

BP's investigation will focus on whether the Cupiagua H location, which nestles below a broad plateau in the foothills of the Andes, is too vulnerable to continue operating. Although the site has cost BP and its partners millions of dollars to develop, Mr Mead said he would not hesitate to close it if it was concluded that a better defence could not be devised.

"People's lives aren't worth the production," he said.

Mr Doust said an alternative might be to close another less important well site to double the paramilitary police presence at Cupiagua H.

There has been a marked increase in insurgent activity against BP's operations in Casanare over the past few months, though executives say most attacks have been directed at the policemen who guard the drilling rigs, four of whom have been killed this year.

But helicopters, on which the company depends to move workers between Yopal and remote well sites, have also come under more frequent attack.

One pilot was killed recently when his helicopter, which was supporting a remote seismic survey team, ran into guerrilla ground fire. After that incident BP suspended operations in the affected area for three months and installed armour protection on some of its fleet.

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Iranian ties with Turkey grow

Iranian ties with Turkey grow

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# Export surge lifts Japan trade surplus IMF bullish over HK prospects

By William Dawkins in Tokyo

Japan's trade surplus rose slightly last month for the first time in two years, after a surge in exports of cars and office equipment and a slowdown in import growth.

The surplus expanded by 0.2 per cent from November last year to ¥675.19bn (\$5.9bn), after a 10 per cent rise in exports and a 12.4 per cent increase in imports, according to preliminary finance ministry data.

The surplus was larger than the market had expected and the dollar weakened a fraction in response - from ¥139 to ¥113.55.

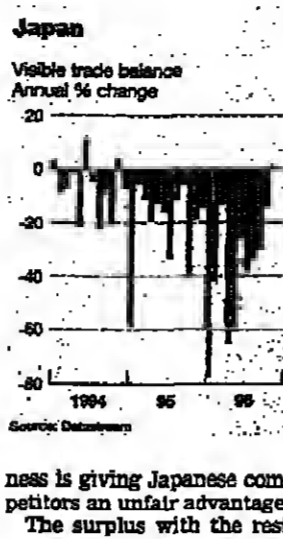
The figures support many

economists' view that the fall in the surplus has almost bottomed out and that the currency's recent recovery will endure. The yen has fallen by about 40 per cent against the dollar from its peak of 20 months ago, when it threatened to push the economy into a slump by pricing it out of world export markets.

Evidence of a surge in exports in November also suggests that the surplus remains sensitive to currency rate shifts, despite the shift of manufacturing capacity offshore in search of lower production costs, said Ms Mineko Sasaki-Smith, economist at CS First

Boston in Tokyo. Export growth was slightly faster last month than the 9.1 per cent average for the previous seven months of the current fiscal year, helped by a 27.7 per cent rise in overseas car sales and a 14.2 per cent increase in sales of office equipment, including computers and photocopiers.

These were the main features in a 31.2 per cent rise in Japan's bilateral trade surplus with the US, the second monthly increase in a row. Within that, a 45.7 per cent rise in car exports to the US last month will fuel US car manufacturers' concerns that the yen's weak-



Source: Datapoint. The surplus with the rest of Asia rose 0.7 per cent in November, while Japan's trade gap with the European Union fell by 2.1 per cent.

ness is giving Japanese competitors an unfair advantage. The surplus with the rest of Asia rose 0.7 per cent in November, while Japan's trade gap with the European Union fell by 2.1 per cent.

The pace of import growth almost halved, from the 23.4 per cent average for the first seven months of the fiscal year, partly because of an unexpected fall in imports of aircraft equipment, but also, economists suspect, because of generally weak domestic demand.

The government yesterday formally acknowledged that the pace of domestic economic recovery, as suggested by slower import growth, would ease next year.

Mr Ryutaro Hashimoto,

the prime minister, endorsed an official projection of 1.9 per cent expansion in gross domestic product for the 12 months from next March.

The government is forecasting 2.5 per cent economic growth in the current fiscal year to March, slightly higher than most private-sector economists predict.

Credit demand remains weak, on the evidence of a 3.3 per cent rise in M2 plus certificates of deposit last month, announced by the Bank of Japan yesterday.

That was the lowest money supply growth in six months and a slowdown from 3.7 per cent growth in October.

## IMF bullish over HK prospects

By John Fiddling in Hong Kong

The International Monetary Fund has given an optimistic assessment of Hong Kong's economy and the territory's prospects for a smooth return to Chinese sovereignty on July 1 next year.

In conclusions to its annual survey of the Hong Kong economy, made public for the first time by the territory's government yesterday, the IMF said there had been a "significant reduction of uncertainties" concerning the transfer of sovereignty.

The IMF forecast a broadening and strengthening of the recovery in Hong Kong next year, with real gross domestic product expected to rise by between 5 per cent and 5.25 per cent.

This compares with a forecast of 4.5-4.75 per cent growth this year. The Hong Kong government expects growth of 4.7 per cent this year, and has a medium-range forecast of 5 per cent growth.

The study is the latest optimistic assessment of Hong Kong's economic prospects and comes amid a surge in the property and stock markets.

Earlier this week, Hong Kong Bank predicted consumption-led expansion would underpin growth of 5.2 per cent for 1997. Like the IMF, the bank predicted an improvement in Hong Kong's trade performance over the coming year.

Given the resumption of economic growth and with inflation expected to remain moderate at about 7 per cent, the IMF stressed the need for policy makers to maintain confidence and stability.

"It is especially important this year for the authorities to resist calls for fiscal stimulus to encourage the recovery under way," its report said.

The IMF also gave its backing to the territory's monetary system and its exchange rate link with the US dollar.

The currency peg to the US dollar has deprived Hong Kong of an independent monetary policy. But according to the IMF, it has played a critical role in promoting economic stability and confidence over the years of the transition. "The linked rate is in line with the fundamentals of the economy and is backed by substantial and rising reserves."

## Call to resist pressure for further boost to recovery

China's statements on its resumption of sovereignty over Hong Kong had helped maintain confidence, the IMF added. "China has made important commitments that there will continue to be two separate monetary systems and currencies and two mutually independent monetary authorities," the report said.

Mr Donald Tsang, Hong Kong's financial secretary, said he had made the IMF assessment public as part of the government's efforts to enhance openness and transparency.

Hong Kong's central bank plans to commit resources to an IMF borrowing arrangement that countries could draw on during financial crisis, it said yesterday, AP-DJ reports.

Mr Joseph Yam, chief executive of the Hong Kong Monetary Authority, said details of the fund structure had not been finalised by the IMF. But he said Hong Kong was prepared to commit around US\$500m (£300m).

# China's markets: social order driven

Instability fears lie behind Beijing's action on turbulent stock exchanges, writes Tony Walker

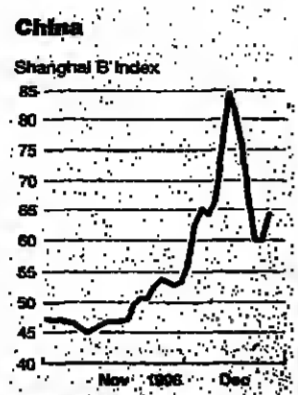
China may have gone far in its economic reforms, but when threats to political stability are involved the authorities do not hesitate to adopt measures which appear to contradict the liberalisation process.

A stern People's Daily commentary this week warning of the dangers of a stock market meltdown - and which itself prompted a 10 per cent fall on both the Shanghai and Shenzhen bourses on Monday - was driven less, it seems, by concerns about market manipulation in a raging bull market than by worries that a crash may cause social unrest.

Such fears are heightened during China's difficult transition to a new generation of leaders to replace the ailing Deng Xiaoping.

The Communist party newspaper did not refer directly to such dangers, but left little doubt it feared that among China's 21m stock market investors there may be some who would react violently to the loss of their savings.

"There is no stock market that always grows and never drops," the commentary said. "Stock rallies are bound to lead to stock



Source: Datapoint



Capitalist tool: stock market investors crowd a broker's hall in west Beijing

crashes. Investors have to be responsible for their own gains and losses.

The latest attempt by the authorities to puncture one of China's periodic speculative bubbles also reflects lingering reservations among the country's leaders about the utility of stock markets as a necessary "capitalist tool" to be treated with utmost caution.

Mr Li Peng, China's prime minister, frequently refers to the equities markets as "experimental" - a sentiment which has contributed to a nervy "stop-start" approach to developing China's fledgling capital markets.

Mr John Crossman, chief

representative in Shanghai of the brokers Jardine Fleming, said the announcement last week of a 10 per cent limit on stock price movements up or down in a single day virtually guaranteed there would be turbulence in the markets.

"Whenever you try to put limits on a market to decrease volatility," he said. "It's inevitable you're going to have huge 20 per cent swings on a weekly basis."

The past four years since the markets were launched in Shanghai and Shenzhen have been marked by bouts of overheating punctuated by relatively crude govern-

ment intervention, such as the People's Daily commentary, aimed at driving the markets lower.

In the process, investors have been buffeted by contradictory signals from the regulatory authorities in Beijing who appear to be having difficulty resolving whether their role is to encourage capital markets or to save exuberant stockplayers from themselves.

Mr Richard Graham, chief representative in Shanghai of ING Barings, says confidence in the markets has not been helped by a somewhat "haphazard" approach. Brokers in Shanghai cite as perhaps the most striking example government attitudes to

local investors purchasing B shares nominally reserved for foreigners and denominated in hard currency.

Since the beginning of the year, Beijing has on the one hand provided what has appeared on occasions like a green light, and then within weeks changed course, re-introducing regulations barring such trades.

The markets, which had risen more than 300 per cent this year in the case of the Shenzhen composite index and 100 per cent in Shanghai, have been on a roller coaster this week, losing some 20 per cent after tumbling last week, and seem likely to head lower.

Opinions among local Chi-

nese and western brokers appear mixed about the government's latest intervention. In Shanghai, the representative of Shenyin Securities said that while the share market had become overheated "in the end it should be the market which decides".

Mr Edmond Huang, an analyst at ING Barings in Shanghai, welcomed the intervention, saying a market correction was overdue. "It's good for the market in the longer term," he said. "It needed to come down to a more healthy level."

Mr Pieter Bottcher, chief representative in Beijing of the World Bank, said this week's gyrations indicated China still had a "long way to go" before its markets became mature and made a meaningful contribution to capital formation.

People's Daily, in its commentary, indicated one hopeful sign for Chinese investors starved of investment opportunities: the authorities admitted that not enough companies with solid earnings records were being listed. Too many investors chasing too few stocks has helped fuel the equities bubble and heightened risks of a crash.

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## Rao urged to quit as MPs' leader

By Mark Nicholson in New Delhi

Leaders of India's Congress party yesterday issued a direct call for the resignation of Mr P.V. Narasimha Rao, the embattled former prime minister, as the party's parliamentary leader.

Mr Rao, 76, who has already resigned as party president, was said to be "considering" the move, demanded in a personal letter from 21 of the party's senior parliamentarians.

The letter noted Mr Rao's "valuable services", especially in promoting liberalising reforms which helped rescue India from economic crisis in 1991, but said his departure was "necessary to establish the party's credibility".

The resignation call appears a further move by Mr Sitaram Kesri, Mr Rao's successor as party president, to refurbish the image of the party, which suffered defeat in this year's elections and has since seen several former MPs and ministers ensnared in corruption cases.

Mr Rao has been charged in three corruption cases, each of which carries a maximum seven-year jail sentence. The former prime minister has denied wrongdoing in each case. Mr Rao assumed the Congress leadership after the assassination of Rajiv Gandhi in 1991 and was prime minister until elections in May.

Mr Rao's departure would be likely to prompt a scramble for the leadership. His resignation is viewed by Mr Kesri as a prerequisite for bringing back into the Congress fold several defecting factions.

Mr Kesri has already won the defection from the United Front coalition government of one small ex-Congress group. His chief prize would be to persuade 20 ex-Congress MPs from Tamil Nadu to rejoin the mother party.

This would undermine the UP coalition and put Congress in sight of forming the government, a prospect which yesterday helped buoy Bombay share prices.

## Jiang gives Tung pledge of support

China's President Jiang Zemin yesterday greeted Mr Tung Chee-hwa, Hong Kong's new chief executive, with a pledge of support, saying the appointment of the tycoon marked the dawn of a new era. Reuters reports from Beijing.

"Of course I will support him," Mr Jiang said when meeting Mr Tung, 59, who will lead the British colony after its return to Chinese rule on July 1 next year.

Mr Tung's visit to Beijing is being keenly watched by residents in the territory eager to learn whether senior civil servants will keep their jobs.

He has warned Hong Kong's people to be sensitive to China's sovereign rights, and has yet to give details of his plans for the post-colonial administration. But he has said he will discuss transition issues during his Beijing visit.

In Beijing's state guest house yesterday, Premier Li Peng gave Mr Tung a certificate of appointment and congratulated him on his success.

"This is indeed an historic moment," Mr Li said.

Earlier, Mr Tung met Mr Qian Qichen, the foreign minister.

One of Mr Tung's first tasks will be to put together an advisory executive council. Final decisions on which senior civil servants to keep will be made by China.

Beijing has hailed Mr Tung's appointment as the fruit of its principle of Hong Kong autonomy, but the selection process was dogged

by protests. Democrats accuse Beijing of using its hand-picked selection committee to stage-manage the choice.

Beijing's critics believe it is likely to try to control Hong Kong and its 6.3m people from behind the scenes, after the five-star Chinese flag is raised over the territory.

The committee that chose Mr Tung with a sweeping 80 per cent majority is preparing to select on Saturday a 60-member "provisional legislature" with which China plans to replace the existing, elected one on July 1.

Mr Chris Patten, Hong Kong's colonial governor, has condemned the new legislature as undemocratic and has vowed not to co-operate with it.

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## Pakistan hit by tough IMF loan conditions

By Fiazan Bokhari in Islamabad

Pakistan's stock market fell almost 1 per cent yesterday as it emerged the International Monetary Fund had attached tough new conditions to further lending and was staggering disbursement of its standby credit.

The IMF announced on Tuesday night it was prepared to increase the standby loan it has granted Pakistan to \$631m from \$600m and extend its maturity by a further six months.

But its immediate disbursement will be smaller than earlier expected. The IMF had agreed to lend \$160m to the government of former prime minister Benazir Bhutto in October. It has now decided to release only half that amount by the end of this week.

It is insisting the unpopular goods and services tax be widened next month before the second half is released, government officials said.

This follows concern at the level of government borrowing from the banking system, which has been run-

ning well in excess of the formal target.

There is also anxiety over the future of a package of economic reforms, promised as it emerged by Mr Feroz Leghari, Pakistan's president, around December 20.

Senior officials in Islamabad said the IMF had conveyed its reservations over a recent support package for the textile industry and had urged the government not to give further relief unless its fiscal targets are back on track.

The IMF's fresh reservations over Pakistan's economy come as the caretaker government of Prime Minister Miraj Khalid is facing domestic political pressures.

Mr Fakhruddin Ebrahim resigned last night as law minister amid public concern at the government's failure to enforce measures to make government accountable.

The government is under pressure to release Mr Asif Ali Zardari, husband of the former prime minister, Ms Benazir Bhutto. A court in

Sindh Province yesterday ruled that his detention without charge was illegal.

The caretakers have also been criticised by some Pakistani politicians for not having the popular mandate to commit the country to long-term structural adjustments.

Officials say there is encouraging news on foreign exchange reserves, which have edged to \$788m this week, enough to finance 3½ weeks' imports, up from about \$600m in early November.

The gap between the official exchange rate and free market quotes for the Pakistani rupee has narrowed to 5 per cent this week from 10 per cent in October.

But concerns continue over Pakistan's external trade performance. The trade deficit fell to \$203m last month, down from \$452m in October.

Reports of an expected fall in this year's cotton crop have added to anxieties on trade. More than half Pakistan's export income comes from cotton products.

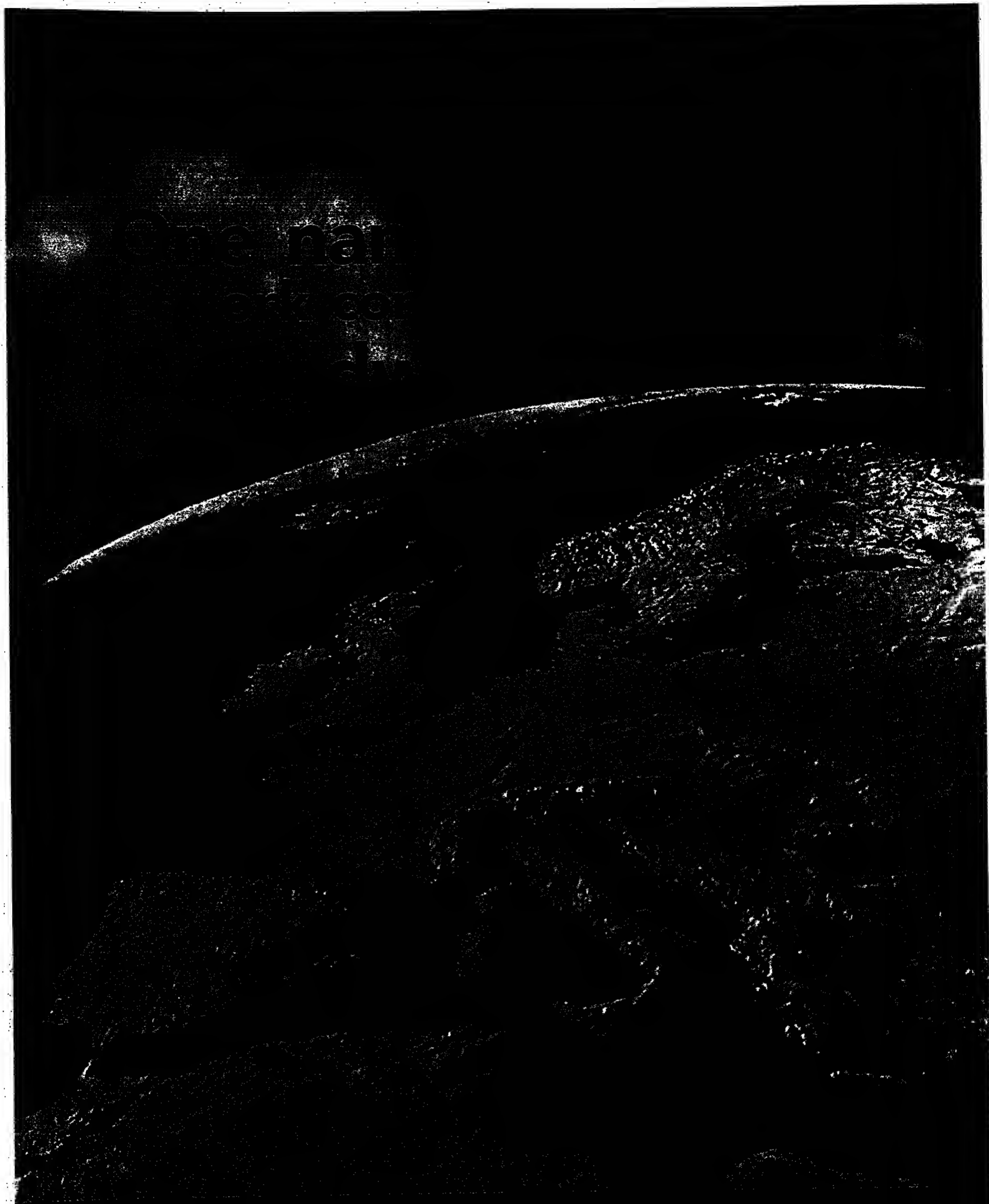
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FINANCIAL TIMES

Thursday December 19 1996

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EU may curb Burmese imports
in protest over forced labour

By Caroline Southey in
Brussels and Ted Bardacke
in Bangkok

The European Commission
yesterday called for the sus-
pension of Burma's trade privi-
leges on the grounds that Ran-
goun's military regimes
sanctions the use of forced
labour.

The action set a precedent in
the Commission's bilateral
trade relations by linking
trade and workers' rights for
the first time up the chain.

Burma last year exported
industrial goods worth \$30m to
the EU, whose officials esti-
mate the GSP was worth
\$365,000.

Mr Manuel Marin, commis-
sioner responsible for Asia,
told colleagues the proposal
was a "pioneer case" and that
action was necessary in the
light of evidence on the use of
forced labour.

Ministers at the World Trade
Organisation meeting in Singa-
pore last week rejected calls to
link the two issues, concluding
that labour rights should be
dealt with by the International
Labour Organisation and that
labour standards should not be

used for protectionist pur-
poses.

EU officials and diplomats in
Rangoun said the overall eco-
nomic impact of the action
was likely to be negligible.
However some believed Bur-
ma's textile industry would be
affected.

"Without GSP privileges, we
just won't be cost-effective
compared to places like Ban-
gladesh or Cambodia, which
also sell to the EU," said Mr
Joe Pang, director of Hong
Kong's Victoria Garment Man-
ufacturing, which has four
factories in Rangoun.

The Commission's proposal
follows a year-long investiga-
tion which drew evidence from
written submissions, testimo-
nies from Burmese and sub-
missions from lawyers, jour-

nalists and the International
Confederation of Free Trade
Unions (ICFTU) which
launched the complaint.

"We found that there was
widespread use of forced
labour, particularly since Sior-
[the Burmese military junta]
took over," an EU official said.
Evidence suggested the prac-
tice was particularly wide-
spread in the military, where
people have been forced to act
as porters for troops, and on
large infrastructure projects,
he added.

The ICFTU believes 80,000
Burmese are forced to work
without pay or against their
will, contributing around a
tenth of the country's eco-
nomic output.

Editorial Comment, Page 13

Thai workers torch Sanyo sites

By Ted Bardacke in Bangkok

Workers at a Sanyo factory in
Thailand have burnt to the
ground the Bangkok headquar-
ters of the Japanese electrical
goods company and a ware-
house in a protest over
reduced end-of-year bonuses.

Yesterday the government
was forced to intervene to end
a separate protest by 1,500
workers at Krung Thai Bank,
Thailand's second largest com-
mercial bank, who staged a
demonstration after they were
offered smaller year-end
bonuses.

The protesters - at odds with
the conventional image of Thai
workers as passive - came at a
time of economic slowdown
which has badly hit the coun-
try's export-driven economy.

Second largest bank also hit by
protests over reduced bonuses

About 2,000 workers employed
by Sanyo Universal Electric
destroyed the eight-storey
office building and a four-storey
warehouse containing
refrigerators, televisions and
air compressors.

The workers, described by
police as drunk during Tues-
day's incident, were dissatis-
fied with a year-end bonus
equal to three months' wages,
compared with a bonus of 5.75
months' wages last year.

The workers at Krung Thai
Bank protested outside the
bank's headquarters against a
year-end bonus equal to four
months' salary, compared to
last year's 5.5 months.

Krung Thai shares fell 6 per
cent yesterday as word of the

bonuses may destroy the stereo-
type of Thai labour as docile.
Analysts said this docility
was understandable given
ever-increasing real wages and
high expectations.

However, workers were
unlikely to remain passive
when those expectations were
scaled back and wages cut, as
may become more widespread
as Thailand's growth slows.

"There is still full employ-
ment in this economy and
excess labour from the coun-
tryside is still being absorbed
by the manufacturing sector,"
said Mr Ammar Stumwala of
the Thailand Development
Research Institute, an indepen-
dent think-tank.

"But my real worry is if peo-
ple start having to go back to
their villages with nothing to
do or they can't support them-
selves in the city. Then things
could get ugly."

Brussels gives go-ahead to
genetically modified maize

By Caroline Southey
in Brussels

The European Commission
yesterday took the controver-
sial decision to approve geneti-
cally modified maize, ending
months of delay and clearing
the way its sale on European
Union markets.

The Commission had
delayed approval because of
mounting criticism of the EU's
failure to protect consumers
against dangerous foods, par-
ticularly those contaminated
with BSE, or mad cow disease.

The decision was condemned
by environmental and con-
sumer groups, which argued
that it would result in agricul-
tural pests developing resis-
tance to pesticides, and farm-
ers using more pesticides,
increasing water pollution.

Controversy is likely to be
even greater because the
maize, developed by Ciba, the
Swiss chemicals group, will be
allowed into the EU without
labels distinguishing it from
ordinary maize.

Mrs Ritt Bjerregaard, commis-
sioner for the environment,
said three EU scientific com-
mittees dealing with food, ani-
mal nutrition and pesticides
had approved the maize,
reporting "there was no reason
to believe" the maize could
harm human or animal health.

She said EU rules on labelling
the maize were inadequate
but pledged to revise the
directive governing genetically
modified foods, which requires
special labels only on products
deemed to carry risks.

In a bid to counter consumer
fears, Mrs Bjerregaard said

Ciba had promised the Com-
mission it would label bags of
the modified maize seeds and
monitor insect resistance in
Europe.

The maize contains a toxin
which makes it resistant to the
European corn borer pest. Crit-
ics argue that insects will
develop resistance to the toxin.

Ms Hiltrud Breyer, a Green
member of the European
parliament, said the maize was a
"time-bomb for consumers and
the environment". It was used
in many foods, some of which
would have to be labelled.

Alison Mailland adds: The UK
government, which two weeks
ago accused the US of trying to
force the maize on Europe, yester-
day played down any risk of
antibiotic resistance transfer-
ring to animals or humans as
"minimal".

BA to sell
24% stake
in USAir

Continued from Page 1

ment agreement between the
two airlines, BA is required to
offer its shares to USAir first.
The US carrier has 60 days to
decide whether to purchase
them. If it does not, BA will be
able to sell the shares either
by private transactions or
through a public offering.

BA said it would not disclose
the price at which it was offer-
ing the shares to USAir. At
midday yesterday, USAir's
shares were trading at \$27.4.

BA has said it had gained
\$100m in extra annual
revenues from the tie-up over
the past few years, but the alliance
had been hindered by financial
and labour problems at USAir.
In 1995, BA wrote down almost
half its investment in USAir
because of those difficulties.

THE LEX COLUMN

Steady States

Mr Alan Greenspan, chairman
of the US Federal Reserve, is in
danger of becoming a legend in his
own lifetime. His successful delivery
of the fabled Goldilocks economy -
not too hot, not too cold - is as
impressive as it is familiar: the US
economy has been growing for
nearly six years. This has helped
unemployment fall to a 23-year low
of around 5 per cent, while core
consumer inflation is at a 31-year
low.

Against this backdrop, and with
few signs of activity racing ahead,
it was little surprise that the Fed
left interest rates unchanged on
Tuesday. But how long can Mr
Greenspan's winning streak continue?

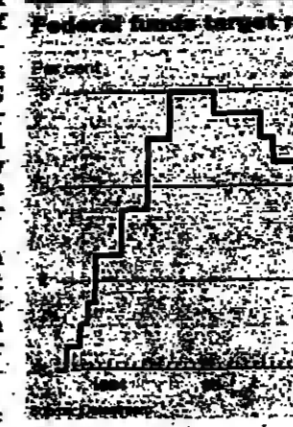
Judging by consensus economic
forecasts, a good while yet. On
average, US forecasters are projecting
2.4 per cent output growth this year
and 2.3 per cent next year, with
inflation expected to hold at 2.9 per
cent. But with share and bond
prices perched precariously, there is
considerable nervousness that a
pick-up in growth might force the
Fed to tighten policy, bringing the
whole house tumbling down.

In the short term, the growth out-
look is certainly positive. The main
factor here is the likely strength of
consumer spending. This will be
fuelled by ongoing strong growth in
real incomes and continued recovery
in the housing market, boosted by
lower mortgage rates. Stock
rebuilding and continued robust
capital expenditure by companies
will bolster growth further. The one
drag on this picture will be the
trade account: exports will suffer in
due course from the effect of the
dollar rally over the past 18 months
and subdued growth in leading
export markets such as Europe and
Japan.

The critical questions for invest-
ors are whether employees will be
able to exploit the tightening labour
market to extract a higher share of
the economic pie and whether rising
wages will fuel inflation.

The last time unemployment fell
to around 5 per cent, it spilled over
into higher inflation. So far, the
pattern has not been repeated. While
there has been some evidence of
wage pressures building, this has
been patchy. And there are good
reasons for believing earnings
growth will stay subdued: height-
ened job insecurity is fostering
lower pay claims and encouraging
employees to save more. Addition-
ally, consumer resistance to higher
prices may force companies to

FTSE Eurotrack 200:
\$915.9 (+15.3)



accept lower profit margins and
thus prevent wage inflation creat-
ing wider consumer price inflation
- a scenario which would be worse
for shares than bonds.

That said, if unemployment falls
below 5 per cent and the stock mar-
ket froth continues, Mr Greenspan
may feel that putting interest rates
up is the only safe course. But with
markets in their current nervous
state, it is quite possible they will
do Mr Greenspan's job for him. If
the labour market tightens signifi-
cantly, bond yields are sure to rise,
which may remove the need for
higher short rates. So there could
be a few more bouts of market
jitters, even without any increase in
rates.

UK electricity

What should investors make of
the latest sparks flying in Britain's
frenzied power sector? Start with
some good news: Entergy's agreed
offer for London Electricity shows
US bidders are still willing to buy
power companies for significantly
more than they are worth.

As a multiple of cash flow,
Entergy's offer is higher than the
price paid by Dominion Resources
for East Midlands Electricity and
substantially more than CallEnergy's
offer for Northern Electric.

In short, fears that CallEnergy's
bid would set a lower benchmark
for the rest of the sector look over-
blown. Yet it is just as well: yester-
day's measly 2 per cent increase in
London's share price shows how
bullish are the takeover hopes
already priced into these stocks.

Just as important for Northern
shareholders, however, was yester-

day's decision by the company's
advisers, EZW and Schroders, to
buy up chunks of Northern shares
from wavering investors.

These questionable tactics, which
will have materially lengthened the
odds on Northern's remaining inde-
pendent, are catching on in the UK
and should be banned, as they are
in the US.

For one thing, the advisers' claim
to be acting independently of their
client is doubtless strictly true, but
their identity of interest still looks
pretty clear. Moreover, imagine the
advisers are successful: still the bid
falls and Northern's share price falls.
In this case, shareholders not lucky
enough to have shared in the advisers'
largesse would have every reason
to feel unfairly treated.

Clyde/Gulf

Gulf Canada Resources' reasoning
in bidding for Clyde Petroleum
looks pretty transparent. But it also
looks far from convincing. Because
Clyde shares trade at a lowly cash-
flow multiple, Gulf can afford to
pay a high price and still deliver a
healthy - if essentially cosmetic -
increase in its own cash-flow per
share. This may kid some of its own
shareholders. But it does not
change the basic fact: the acquisi-
tion will only stack up if Gulf can
add lots of value - or it can pick
Clyde up cheap.

Neither seems likely. On the first
point, although there is talk of
bringing better exploration skills
and pooling some Indonesian
assets, the so-called strategic case
for the acquisition is conspicuously
long on waffle.

As for the price, Gulf is more
likely to overpay than snap up a
bargain. As it is, Gulf is offering a
premium of 40-50 per cent to anal-
ysts' estimates of Clyde's net asset
value.

To reflect the company's ability
to add future value some premium
is certainly justified, but this is still
pretty racy. Moreover, the stock
market reckons Gulf will not even
get away with yesterday's offer:
Clyde shares yesterday closed 12
per cent above it.

Of course, to expect a higher bid
may prove optimistic. But although
fighting Gulf off will be an uphill
task, Clyde certainly has potential
to spring goodies out of the cup-
board. And a counter-bid, however
unjustified, is always a possibility.
This promises to be a lively battle:
shareholders should stick on to see
how it develops.

FT WEATHER GUIDE
Europe today
England, the Benelux,
France and Germany will
be cloudy with outbreaks of
rain. Spain and Portugal
will be sunny in the east
and overcast and wet in
the west. South-east
Europe will be cloudy with
showers. Italy will be
mainly dry with sunny
spells. The northern Alps
will also have some sun,
while the southern regions
will be overcast with snow.

Without us,
it wouldn't be such a
merry Christmas.
Over 700 French wine growers rely on John Crane's Propac 30 seals to ensure that their fine wines aren't contaminated during three critical production pumping processes.

brother
PRINTERS
FAX MACHINES
 consortium plans
high-speed chips

مكتبة الانجول

السوق المالية

LEGAL DEFINITIONS
Notation n. 1 launching of a commercial enterprise on the Stock Exchange

FINANCIAL TIMES
COMPANIES & MARKETS

MoDo
PULP, PAPER & PAPERBOARD

Thursday December 19 1996

Week 51

IN BRIEF

Consortium plans high-speed chips

Semiconductor manufacturers in Japan and Europe have formed a consortium to develop advanced microprocessor chips which they say will be twice as fast as current ones and will sell at half the price.

Asa to dominate UAP after merger
Asa, the French-based insurance group, confirmed the success of its friendly offer worth almost FF750bn (\$6.6bn) for UAP, a rival insurer, and in a clear sign that Asa would dominate the merged operation said it was "essential" that it ultimately move to a single worldwide brand name, which would be Asaxa, the enlarged company's 16-strong executive committee, of whom 10 are drawn from Asa and six from UAP, will be chaired by Mr Claude Béhéar (above), Asa's chairman. Page 17

Avenor in C\$2.8bn takeover of Repap
Avenor, one of North America's biggest newspaper groups, is taking over coated paper producer Repap Enterprises in an agreed deal valued at C\$2.8bn (US\$2.1bn). Avenor will become Canada's largest paper producer, with annual sales of more than C\$6bn. Page 16

Rexam plans to sell 20 businesses
Rexam, the UK packaging company, is to sell about 20 businesses as the newly-installed management moves to restore the group's profitability. The units accounted for 12.4 per cent of Rexam's £2.45bn (\$4bn) 1995 sales. Page 18

Banamex finishes \$1.1bn capitalisation
Banamex, Mexico's largest bank, completed a \$1.1bn capitalisation programme which will strengthen its capacity to withstand big write-offs on its mortgage portfolio when stricter accounting practices come into effect next year. Page 20

Nikkei takes 1.6% tumble
Japan's Nikkei 225 average shed 320.43 to close at a day's low of 20,093.03 after profit taking in international blue chip shares and selling of non-life insurance stocks forced scores of issues to new lows for the year. Page 32

Swissair to detail reorganisation
Swissair is due today to announce "important decisions" on reorganising itself into a holding structure. The airline said it might also announce the replacement of its eight Airbus A-310 aircraft with Boeing 767s or Airbus A-330s.

Companies in this issue

Table listing companies and their page numbers: ADT 15, Avenor 16, Asa 17, BOPE 16, Bellini 16, Boeing 16, Boland Bank 17, CalEnergy 17, Clyde Petroleum 18, Coopers & Lybrand 18, DFS 18, Danisco 18, De Beers 15, Dominion Resources 16, Duty Free Shoppers 10, East Midlands Elec 18, Electra 18, Envestis 18, Entergy 17, First Pacific 18, Forges de Cabecq 2, Fujitsu 16, Gulf Canada 18, Handelsbanken 16, Highlands Gold 18, Incheil 17, ICL 18, LG Electronics 18, LVMH 18, London Electricity 17, Matsushita Electric 16, McDonnell Douglas 16, NBS 17, NEC 16, Nomura 15, Northern Electric 17, Pearson 18, Pepkor 17, Placer Dome 18, Repap Enterprises 18, Rexam 18, SAP 15, SBC Communications 16, Salomon Brothers 18, Skandia 18, Stachyppotek 18, Telekom Malaysia 16, Telkom 18, Tavas Instruments 18, Toshiba 18, UAP 17, Unicom 16, WMI 18, WMC Technologies 18, Westcoast Water 18, Western Resources 15, Zenith Electronics 16

Market Statistics

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Chief price changes yesterday

Table with chief price changes: MANUFACTURING (GBP), Shares (GBP), Shares (USD), Shares (JPY), Shares (HKD), Shares (AUD), Shares (NZD), Shares (SGD), Shares (KWD), Shares (BHD), Shares (QAR), Shares (Riy), Shares (Dirh), Shares (AED), Shares (SAR), Shares (Oman), Shares (Yemen), Shares (Iraq), Shares (Kuwait), Shares (UAE), Shares (Jordan), Shares (Lebanon), Shares (Syria), Shares (Libya), Shares (Egypt), Shares (Sudan), Shares (Chad), Shares (Niger), Shares (Mali), Shares (Senegal), Shares (Gambia), Shares (Sierra Leone), Shares (Liberia), Shares (Ivory Coast), Shares (Ghana), Shares (Togo), Shares (Benin), Shares (Nigeria), Shares (Cameroon), Shares (Cote d'Ivoire), Shares (Sierra Leone), Shares (Liberia), Shares (Ivory Coast), Shares (Ghana), Shares (Togo), Shares (Benin), Shares (Nigeria), Shares (Cameroon), Shares (Cote d'Ivoire)

Unsolicited \$3.5bn bid for ADT

Largest shareholder Western Resources offers cash and stock deal

By Richard Waters in New York

ADT, the home security company headed by British financier Mr Michael Ashcroft, received an unsolicited \$3.5bn bid from its biggest shareholder yesterday. Western Resources, the US electricity utility which owns 27 per cent of ADT, would become the biggest security monitoring company in the US and UK if the offer succeeded. For Mr Ashcroft, the offer represents a potential setback in a year that has already seen a plan to sell ADT fall apart. The Bermuda-based entrepreneur agreed in June to sell the company to Mr Wayne Hutzenga's Republic Industries, but the all-stock deal was called off in October after Republic's shares had plunged in value. Western's stock and cash offer yesterday was worth \$224 a share, or a premium of 12 per cent to ADT's closing share price the day before of \$200. Early trading yesterday saw it rise to \$224. Republic's initial offer was worth \$26 a share, though the volatility of its shares later undermined the price. ADT issued a statement advising shareholders to take

no action until its board had reviewed the offer. Relations between the company and its biggest shareholder have been icy since Mr John Hayes, Western's chairman, suggested to Mr Ashcroft early this year that the two companies should discuss ways of co-operating. Western bought its initial stake from Laidlaw, a Canadian group, late in 1985 at \$14 a share. The Kansas-based utility, already the third biggest home security company in the US, said it would call for a special meeting of ADT's shareholders and put forward new directors who would not be hostile to its offer. It would take only a simple majority of those voting to push through the board changes, said Mr Hayes. The offer price - \$7.50 cash and \$15 in Western stock - is below the value put on the company by many analysts. Mr Jeff Kessler, analyst at Lehman Brothers, this week estimated ADT to be worth \$26-\$29 a share, based on its strong market position and high growth prospects. In a highly fragmented market populated by many independent suppliers, ADT has established the only recognised national brand name in

the US security monitoring business. It has 1.2m customers in the US and 500,000 in the UK, and is experiencing revenue growth of more than 10 per cent. Deregulation of the US's electricity and telephone utilities has prompted a rash of acquisitions in the home security industry in recent months. Companies such as Western and Ameritech, the Chicago-based local telephone company, have seen the business as a way of adding services to sell to existing customers and of developing a new national customer base for their traditional businesses.

Entergy to buy UK electricity company for \$2.1bn
By Simon Holberton in London
Entergy, the US utility, yesterday gained the agreement of the UK's London Electricity to a \$2.1bn (£1.3bn) takeover offer. The announcement of the London deal came as Mr Ian Lang, UK trade and industry secretary, cleared a \$1.3bn agreed takeover of East Midlands Electricity by Dominion Resources, a US utility. Another bid - US group CalEnergy's \$782m hostile offer for Northern Electric - was last night on a knife edge after BZW and Schroders, respectively broker and financial adviser to Northern, bought 2.3 per cent of the company in a show of support for their client. CalEnergy's bid closes tomorrow. Under yesterday's London Electricity deal, Entergy will pay 70p in cash per share and the dividend of 14.3p which London promised when it published interim results last week. Sir Bob Reid, London's chairman, said the board felt the offer represented "fair value" and directors unanimously recommended it. Mr Ed Lapperger, chairman of Entergy, said the transaction "puts Entergy into a new orbit" and was an important step in the company's plans to become a global energy group. The company already has investments in Argentina, Australia, Pakistan, and Peru. According to analysts, the Entergy offer represents a multiple of about 6.8 times cashflow (profit before interest, depreciation and tax) against about 6 times for CalEnergy's Northern bid. On the same basis Dominion's bid for East Midlands is at 6.4 times cashflow. Entergy said its acquisition would give it a base for developing its business in the UK and continental Europe. It said it opposed the UK opposition Labour party's proposal for a windfall tax on privatised utilities as "punitive and after the fact". Entergy was advised by Morgan Stanley and UBS, while London was advised by Schroders and SBC Warburg.



Gulf Canada Resources, the international oil and gas group headed by J.P. Bryan (pictured), yesterday launched a \$432m (£708.5m) hostile bid for Clyde Petroleum, the UK-based independent oil company. Clyde, which would be Gulf's biggest takeover so far, offers it a foothold in the UK's North Sea as well as production in Australia and Indonesia. Report, Page 18

De Beers to end \$1.2bn diamond deal with Russia

By Kenneth Gooding, Mining Correspondent

De Beers of South Africa yesterday said it would terminate its \$1.2bn-a-year diamond marketing agreement with Russia at the end of this month, severing a 35-year relationship. The announcement shows De Beers' anger at the Russian government's failure to ratify a replacement contract. It came as the group revealed that 1996 sales of rough or uncut diamonds by the producers' cartel, organised by its Central Selling Organisation, rose by 7 per cent to a record \$4.834bn. Mr Nicholas Oppenheimer, chairman of the CSO and deputy chairman of De Beers, said ending the marketing contract would mean "Russia will lose our commitment to purchase its diamonds at a predetermined price in good or bad times". He indicated that De Beers still hoped the Russian government eventually would ratify a new trade agreement. This was hammered out between February and September by De Beers and Almaz Rossel-Sakha, the biggest Russian diamond producer, but has been bouncing between various Russian ministries since then. De Beers has continued to act for Russia under the terms of the previous contract that should have expired at the end of last year. But "leakages" of Russian rough diamonds to the west, in apparent breach of the contract, have been running at \$80m a month according to western traders. The contract is worth about \$100m a month to Russia. There have been claims that Russia could do better by selling directly to the west. But analysts point out that, without the De Beers contract, or something like it, western banks would be reluctant to provide the loans needed by ARS to modernise its operations. ARS is hoping to raise \$62m to replace its vehicle fleet but this depends on a new De Beers contract. "You can understand De Beers' running out of patience," said Mr Mark Cocker of Diamond International, a trade publication. But he suggested De Beers' move would be more likely to unite opposition to a new contract and cause Russia to sell its rough diamonds independently of the cartel. Mr Roger Chaplin, analyst at stockbroker T Hoare & Co, said De Beers would benefit from ending its contract by being able to buy the Russian diamonds it wanted at prices it wanted to pay. He said: "The Russians will probably find they need De Beers more than De Beers needs them."

Nomura to merge asset management operations

By William Dawkins in Tokyo

The two asset management subsidiaries of Nomura Securities, Japan's leading stockbroker, are to merge in an attempt to improve competitiveness in the deregulation of the Tokyo financial markets. The merger of Nomura Securities Investment Trust Management, which services retail investors, with Nomura Investment Management, Japan's largest investment advisory company, which handles pension funds, will create a group with ¥15,400bn (\$135bn) of funds under its control. That will make the combined group Japan's largest asset management company though only a third the size of the world leader, Fidelity Investments of the US. The merger is to be completed in October next year, is expected to prompt other Japanese stockbrokers to consolidate their asset management units, held apart until recently by government regulation. Mr Tadashi Takubo, president of NIM, said the merger would boost both partners' research departments and the speed at which they could introduce products. The group would seek to expand its research department through hiring or acquisition. He predicted the Japanese pension fund market would grow from ¥220,000bn, of which NIM has a 0.7 per cent share, to ¥300,000bn by the end of the decade and ¥500,000bn by 2010. Investment advisory companies have started to increase their share of pension fund assets since the finance ministry decreed, nearly two years ago, that pension funds could place more of their money with independent advisers rather than the trust banks and life insurers that have dominated the industry. Investment advisory companies such as NIM now manage 7 per cent of Japan's pension funds with the remaining 93 per cent held by trust banks and life insurers. Mr Takubo said that further deregulation of asset allocation rules next year would increase pension funds' scope to invest in domestic and foreign equities. The new group would aim to take advantage of that. NIM has ¥3,600bn of foreign and domestic institutional investors' assets under management and 150 employees. NSITM, with 425 staff, manages ¥11,800bn of individual and institutional assets. Both have subsidiaries in New York, London and Luxembourg. The partners started discussing a merger two years ago when NSITM was permitted by a change in regulation to obtain an investment advisory licence. That put it on the same business footing as NIM and removed the main reason for separate subsidiaries.

Hector quits SAP board over dispute with chairman

By Wolfgang Münchau in Frankfurt

Mr Hans-Werner Hector, co-founder of SAP, the German software company, has resigned from its supervisory board after a long-standing dispute with Mr Dietmar Hopp, chairman. In an angry statement he accused Mr Hopp of not tolerating dissenting opinions, saying the chairman, "who apparently saw his interest threatened, reacted by engaging in negative public statements". Mr Hector's resignation had been expected since he left the management board earlier this year and decided to sell his 11.2 per cent stake in SAP - one of the world's top five software firms - to a trust fund. Mr Hopp had publicly criticised the sale. The company's shares ended 50 pfennings lower yesterday at DM206.50, after recovering almost all the initial losses prompted by Mr Hector's departure. In a letter to Mr Bernd Thiemann, chairman of the supervisory board, Mr Hector

claimed it could not fulfil its legal duty to supervise the management because of the dominant position of Mr Hopp. "I am disappointed, but not surprised, that Mr Hopp has tried to stifle and deflect differing views of company business through personal attacks," he said. Until last year Mr Hector was SAP's top executive responsible for worldwide training of employees, consultants and clients. He was also chief executive of the company's North and South American operations. Shareholders expected a showdown between Mr Hector and Mr Hopp at the annual general meeting in June, but Mr Hector decided not to "in the interests of a calm meeting". A spokesman for Mr Thiemann, who is also chairman of DG Bank, said Mr Hector's decision caused little surprise. He also rejected Mr Hector's criticisms of the supervisory board. The resignation ends a turbulent year for SAP, until recently one of the top performers in the German stock market. The shares suffered a temporary setback in the spring when a report by a US consultancy questioned the future market potential of R/3, a client/server business software package for commercial use. R/3 is the company's main product group, and a world market leader in its field. In October, SAP shares slumped by almost a quarter after it warned about future profits growth. The announcement triggered a general market reassessment of the company's long-run growth potential.

Advertisement for Verdura Ray Brooch. Text: 'If the Verdura Ray Brooch has no official significance, what does it signify?' Includes an image of a starburst brooch and contact information for Verdura in New York and London.

Large vertical advertisement on the left side of the page, partially obscured by a 'brother' logo at the top and 'GROUP' at the bottom. The main text is partially visible and includes 'out us, it's be su... a Christmas'.

COMPANIES AND FINANCE: INTERNATIONAL

Consortium plans advanced chips

By Louise Kehoe in San Francisco

Semiconductor chip manufacturers in Japan and Europe have formed a consortium to develop advanced microprocessor chips...

Xerox, all of Japan, Texas Instruments Japan, the Japanese subsidiary of the US chip maker, and SGS-Thomson Microelectronics of Italy...

range from devices that speed the processing of graphics and sound, to chips used in Internet equipment...

development of digital signal processor devices. DSPs are widely used in multimedia applications...

"If this is the case then their work may be complementary to Intel's efforts."

Avenor in C\$2.8bn takeover of Repap

By Robert Gibbons in Montreal

Avenor, one of North America's biggest newsprint groups, is taking over coated-paper producer Repap Enterprises in a deal valued at C\$2.8bn...

INTERNATIONAL NEWS DIGEST

Endesa faces action on takeover

Spain's stock market commission announced yesterday it was starting proceedings against Endesa, the state-controlled electricity company...

China offer leaves out Salomon

Salomon Brothers, the US investment bank, has been excluded from a management role in a share offer by Beijing Daxing Power Generation...

LVMH gets DFS go-ahead

LVMH Moët Hennessy Louis Vuitton, the French luxury goods group, is to go ahead with acquisition of a majority stake in DFS, the San Francisco-based duty free shopping chain...

Coopers & Lybrand advances

Coopers & Lybrand, the global accounting network, yesterday announced fee income for the year to September of \$6.8bn, against \$6.2bn a year ago...

Fujitsu, ICL to integrate units

Fujitsu, the Japanese computer and electronics group, and its subsidiary ICL, the UK-based computer systems and services company, are to integrate their operations in Asia to raise efficiency...

First Pacific, Unicom link

First Pacific, the Hong Kong-based conglomerate controlled by the Salim group of Indonesia, has teamed up with China United Telecommunications (Unicom), China's second telecoms network...

Placer, Highlands end dispute

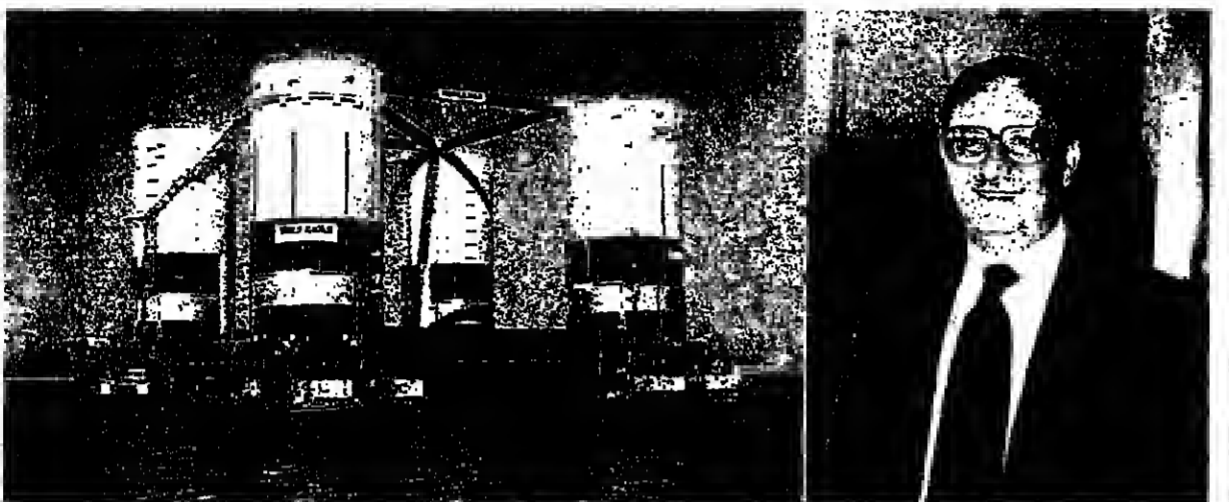
Placer Dome, the world's fifth-biggest gold producer, is going ahead with its US\$340m bid for all the shares of Highlands Gold, owner of 25 per cent of the big Porgera gold mine in Papua New Guinea...

SA telecoms bidders combine

Rival bidders for a stake in Telkom, the state-owned South African telephone company, have joined forces ahead of the partial privatisation due next year...

Decision day for Belleli's bankers

Renato Cassaro, brought in to rescue Belleli, the Italian engineering contractor, advises anyone summoned to salvage a family-run company...



Renato Cassaro: confident that Belleli's creditors will today grant fresh capital to prepare the company for sell-off

board of Impianti, the new holding company which groups Belleli with sister companies Nuova Cimimontubi and De Cardenas...

Mr Cassaro commissioned an industrial plan which identified the strength of Belleli's heavy engineering know-how...

Belleli owes them L350bn, of which they have written off L40bn. Under a repayment plan to which 60 per cent of suppliers have agreed...

Although Belleli lost some big orders in the first half of this year when the crisis was at its height, it has won L700m of orders since June...

John Simkins

Last TV set maker in US to cut staff by 25%

By Richard Waters in New York

Zenith Electronics, the last remaining US manufacturer of television sets, yesterday unveiled plans to cut a quarter of its US workforce...

also said it was in discussions with its lenders and expected to amend some of the terms of its lending agreements...

LG took control a little over a year ago and set about trying to stem Zenith's losses. However, the company has continued to wade through red ink...

high-speed modems capable of delivering Internet and other services to television sets. That news propelled its shares from \$6 to a high of \$26...

In the first nine months of this year, Zenith suffered an after-tax loss of \$109m on sales of \$860m, compared with a loss of \$76m on sales of \$879m the year before...

Winner and loser count cost of Stadshypotek result

Mr Lars-Eric Petersson, Skandia chief executive-designate, showed no overt disappointment this week at the Swedish insurance group's failure to merge with Stadshypotek...

linked (AFS) operations. Skandia's developing "niche bank" operation, SkandiaBanken, will seek to grab market share from Handelsbanken and Stadshypotek...

Indeed, Mr Wolrath says Skandia will be unable to enter as many new AFS markets as planned, and those it does enter will require geographic proximity to keep costs in check...

Its foray into a mature market, where it admits its market share will be under pressure from the outset, surprised many observers...

There is also the burden of the deal - Sweden's largest cash offer - on Handelsbanken's balance sheet. The acquisition will lower its Tier One capital from 8.7 per cent of total assets to 4.8 per cent...

Greg McIvor

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Sponsored by Apax Partners & Co Corporate Finance Ltd

Table with columns: Number, Amount, Issued, Amount. Rows for Present and Proposed shares.

Copies of the prospectus published on 18 December 1996 may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted)...

Apax Partners & Co Corporate Finance Ltd, HSBC James Capel, 15 Portland Place, London W1N 3AA, 19 December, 1996

Brussels to investigate Boeing-McDonnell deal

By Emma Tucker in Brussels

The European Commission said yesterday it would scrutinise the proposed merger between Boeing and McDonnell Douglas of the US, which is set to create the world's largest aerospace and defence company...

to the deal or even to block it, if it judges that it will harm competition inside the European Union...

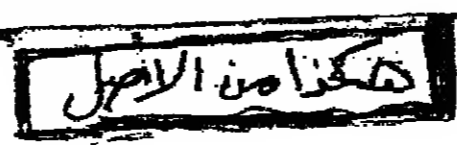
merger if the combined global turnover of the companies is more than Ecu5bn (\$4.01bn) and at least two of the merging companies have a combined turnover of more than Ecu250m inside the EU...

Mr Van Miert, the EU competition commissioner, said the case was likely to be "complex and problematic" and that the investigation could last five months...

Under EU competition rules, the Commission is required to examine a

month-long investigation, the Commission will have to decide whether to open a full inquiry, which it will have four months to complete...

NOTICE TO THE BONDHOLDERS OF U.S. \$780,000,000 7 per cent Guaranteed Bonds due 2002. Issued by BTM Finance (Curaçao) N.V. (formerly, NBL Finance (Curaçao) N.V.)





COMPANIES AND FINANCE: INTERNATIONAL

# Axa signals dominant role in UAP merger

By Andrew Jack in Paris

Axa, the French-based insurance group, yesterday confirmed the success of its friendly offer for rival insurer UAP, and gave a clear indication that it would be the dominant partner after the combination of the two groups.

Axa said that the detailed results of the takeover bid would be published on January 13 "but it is widely acknowledged to have been very successful".

The group's board made a surprise announcement in mid-November after an intense few days of negotiation, offering four of

its shares for every 10 UAP shares, with additional financial instruments. This brought the price of the deal to nearly FF750m (\$9.5bn).

Axa's statement yesterday came on the day that formal acceptance of the offer closed, and several days after the deadline under French stock market rules for an alternative bidder to make an approach for UAP.

In a clear indication that Axa would dominate, the group said it was "essential" that it ultimately use a single brand name around the world - and this would be Axa.

However, it said that, at least in the short term, the official name of

the holding company would be Axa-UAP. The Axa brand name would be used for its insurance activities, while its asset management activities would continue to operate under their own names.

The group also unveiled yesterday its 16-person executive committee, of whom 10 are drawn from Axa and six from UAP. The committee will be chaired by Mr Claude Bébéar, Axa chairman.

Mr Bébéar will also be chairman of the combined group's executive board, which will comprise only two other members: Mr Gérard de La Martinière, of Axa, and Mr Michel Finaut, of UAP.

Mr Jacques Friedmann, UAP chairman, will head a new supervisory board, which will have Mr Jean-Pierre Ruault, UAP group corporate secretary, as its secretary. A maximum of 23 other members will be drawn from representatives of the combined group's shareholders and other outside representatives.

Axa said the 16-person executive committee would meet every six weeks to define and oversee "the group's strategic and financial orientations". Mr Friedmann will head a strategic committee with external and executive members to discuss long-term strategy three times a year.

A decision will be taken on January 23 to issue the new Axa shares generated by the takeover and the "certificates of guaranteed value", which are designed to compensate UAP shareholders if Axa's share price is less than FF392.50 in June 1999. Shareholders in the two groups will vote formally on the proposed merger of the two holding companies on May 12.

The executive committee of the combined group includes Mr Dominique Bazy, of UAP; Mr Michael Hart, head of UAP's UK subsidiary, Sun Life and Provincial; and Mr Henri de Castries and Mr Claude Tendil, both from Axa.

# Boland Bank, NBS in reverse takeover deal

By Mark Ashurst in Cape Town

Boland, a small Afrikaans retail bank, has created South Africa's fifth-largest banking group with the reverse takeover of NBS, a Natal-based niche bank. The new group will have assets of about R26.5bn (\$5.63bn).

The deal will allow NBS to install outlets in about 3,000 supermarkets owned by the Fepkor retail group, whose chairman, Mr Christo Wiese, is also chairman of Boland Bank.

Mr Alan McConnochie, analyst at BoE NatWest, said previous forays into supermarkets and shopping centres, by Nedcor bank, had demonstrated the potential of the unbanked middle market.

The company is currently involved in an international benchmarking exercise to find the best-managed electricity distribution company in the world. Those lessons will be applied throughout the Entergy empire.

Entergy's bid is structured similarly to other US bids for English electricity companies and will give Entergy a return on its investment of 12 per cent to 15 per cent. A UK company consisting of \$40m of equity and \$1.7bn of debt will own London Electricity.

From Entergy's point of view the whole \$2.1bn will be new debt on its balance sheet. At last balance date it had \$6.6bn of long-term debt. There is, however, plenty of room to use London's balance sheet to raise cash and defray the cost. London currently has net debt of £249m, and gearing of 47 per cent.

"The wires business is a stable business that can support gearing at a higher rate," Mr Lupberger says.

Entergy met Professor Stephen Littlechild, director-general of Ofwat, the UK industry regulator, on Tuesday and came away believing they could raise London's gearing to 100 per cent without offending Ofwat.

Boland Financial Services and SMK Securities, the stockbroker, at R1.84bn.

NBS will acquire the entire banking and financial services interests of Boland Bank in exchange for new NBS shares. The new paper will be held through Boland's holding company, Samgro.

Mr Wiese, who owns 92 per cent of Samgro, will own about 40 per cent of shares in the new group. Further details of the deal, which takes effect from April 1, have not been finalised.

Earlier this month, Mr Wiese bought a 20 per cent stake in NBS from Rand Merchant Bank, plus a further 5.5 per cent from an undisclosed shareholder, for a total of R1.5bn.

The latest deal, which hands control to Mr Wiese, will involve at least a further 15 per cent of NBS equity.

The shares were unchanged in a sluggish market, with NBS at R65 and Boland at R45.

Analysts said the forward price-earnings ratio of 18 on Boland shares was well ahead of the sector, and reflected widespread expectations that Mr Wiese's interest in Boland was "a prelude to something bigger".

# Entergy plans big jump after stride into UK

US utility expects to reap two-way benefits from its latest acquisition, writes Simon Holberton

Entergy has moved "into a new orbit, a new rank among global energy companies", according to Mr Ed Lupberger, president, chief executive and chairman at the New Orleans-based utility.

He was speaking of the significance for Entergy of its latest foray into foreign acquisitions: its \$1.3bn (\$2.17bn) bid for London Electricity, the company which supplies and distributes electricity to the capital.

Happily for Mr Lupberger, the deal is agreed, and was announced on the day the government raised no objection to Dominion Resources, the Virginia-based utility, buying East Midlands Electricity.

Entergy also appears to have pitched its offer at a high enough level - 6.8 times earnings before interest, depreciation and tax - not to incur the wrath of the UK's big investment institutions. They have been dissatisfied with the price CalEnergy, another US bidder, is offering for Northern Electric, and may well be powerful enough to deny the Nebraska-based independent power producer control of the Newcastle-based electricity company.

Entergy is one of the dominant utilities in the American south, serving 2.4m customers. It has generation (both nuclear and fossil

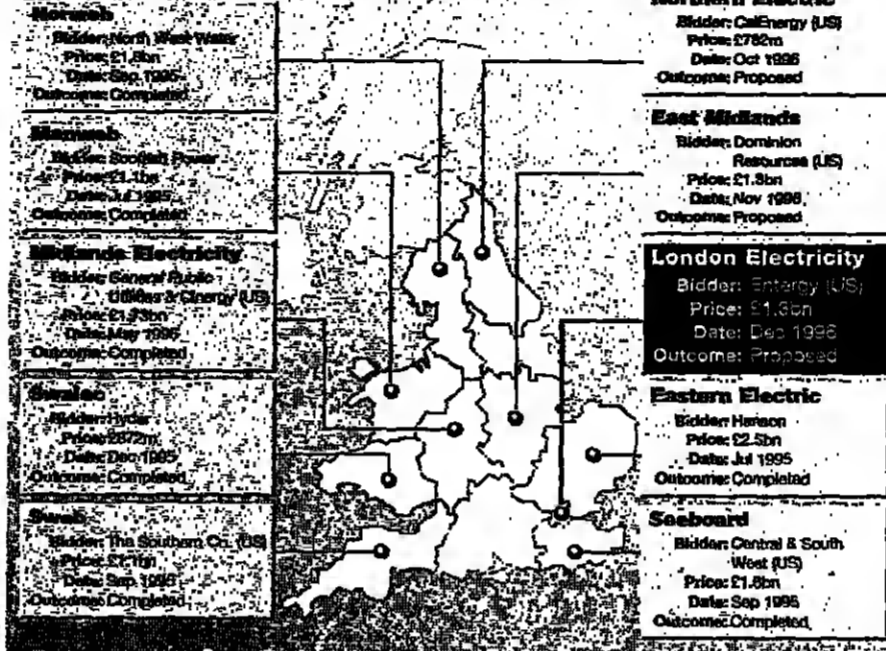
fuel), transmission and distribution assets in Louisiana, Mississippi, Arkansas, and Texas. In the year to the end of 1995 it had a turnover of \$6.3bn, consolidated net income of \$35m, and assets of \$24bn.

In common with utility managements in the UK, Entergy has sought greater efficiencies through aggressively managing its payroll. Since 1990, employment in its core business in the US has fallen from 18,100 to 12,600 in 1995.

Mr Lupberger likes to quote Dr Henry Kissinger, former US secretary of state, who observed: "People have to push organisations beyond where they think they can go." He says: "I'm a pusher and I'll be pushing this organisation [London] as I push my own."

Mr Lupberger says that his strategy is to enhance Entergy's status in the global energy market. The acquisition of London Electricity was a giant step in that direction, he adds.

## Chronology of a shrinking sector



power markets in the US.

"The UK has led the deregulation of the power industry. It is several years ahead of Australia and Argentina and many years ahead of the US. Owning London Electricity will enable us to prepare better for deregulation in the US."

But Entergy also hopes to bring something to its UK business. Although Mr Lupberger likes to stress that in its expansion, Entergy has

tion in Pakistan, which is managed and largely controlled by National Power, the UK generator.

The company's growth plans do not stop there. It is planning to invest about \$400m in a 1,000MW combined cycle gas-fired power station in partnership with British Petroleum at Saltend, near Hull.

Entergy also says it wants to use the UK as the platform for future expansion on

the continent. "A strong presence in the UK gives us a competitive advantage when we pursue privatisations or greenfield developments in Europe," says Mr Terry Ogletree, president of Entergy Power Group.

Mr Ogletree, who has spearheaded Entergy's international expansion, also says that the acquisition could have benefits for Entergy, which is facing moves by regulators to deregulate

power markets in the US.

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# Danisco ahead 8% at DKr851m midway

By Hilary Barnes in Copenhagen

First-half pre-tax profits at Danisco, the Danish distillers, sugar, food ingredients and packaging group, rose 8 per cent from DKr785m to DKr851m (\$143.9m), on sales ahead 6 per cent from DKr7.82bn to DKr8.32bn.

Operating profits advanced 12 per cent from DKr839m to DKr939m, in spite of slow growth in profits by the sugar and packag-

ing divisions. Growth in pre-tax profits was held back by a DKr31m rise in net financial costs to DKr88m, reflecting the interim statement said, a higher level of interest-bearing debt at the start of the accounting year.

The group said that it expected its full-year results to meet earlier forecasts of an increase of between 10-12 per cent.

The shares closed at DKr336, an advance of DKr5 on the day.

This announcement appears as a matter of record only.

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September 1996

**Fresenius AG**  
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for Shares in  
**Fresenius Medical Care AG**  
\$261,000,000

We acted as Exclusive Financial Advisor to Fresenius AG

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North America LLC

September 1996

**DM625,000,000**  
Non-Voting Preference Shares  
and American Depository Shares  
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We acted as Joint Global Coordinator and Joint Bookrunner

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November 1996

**\$360,000,000**  
9% Trust Preferred Securities

**Fresenius Medical Care Capital Trust**  
a Subsidiary of  
**Fresenius Medical Care AG**

We acted as Financial Advisor to Fresenius Medical Care AG

**Dresdner Kleinwort Benson**  
North America LLC

November 1996

**Dresdner Kleinwort Benson**

COMPANIES AND FINANCE: UK

Gulf Canada launches £432m bid for Clyde

By Jane Martinson and Bernard Simon

Gulf Canada Resources, the international oil and gas group, yesterday launched a £432m (£708.5m) hostile bid for Clyde Petroleum, the UK-based independent oil company.

gesting expectations of a better offer. Mr JP Bryan, Gulf president and chief executive, described the offer as a "full price".

Clyde attacked the bid as "unsolicited and wholly unacceptable". Mr Malcolm Gourley, chairman, said: "It doesn't reflect what the company has achieved, what it has got in its locker and what is likely to be the story of the future."

multiple of six times' Clyde's 1997 cash flow which was "pretty generous for the UK sector".

The bid would also not have been possible until now because of a turnaround in Gulf itself, he said.

It aims to raise £31bn debt to pay for the acquisition, bringing its total to £82.2bn and making the group "overly leveraged", according to Mr Bryan.

Electra invests record sums in unquotededs

By Katharine Campbell

Electra Investment Trust, which specialises in private equity, invested record sums in unquoted companies in the past year and increased its net asset value by 18.5 per cent to £22.13p.

almost 90 per cent higher than in 1994, the previous most active year. "It is very unpredictable, we never know which deals we are going to get," said Mr Hugh Mumford, managing director of Electra Fleming, which manages the trust's portfolio.

While Mr Mumford acknowledged that competition between venture capitalists with large sums to invest is driving up prices paid for businesses, he said: "There is no evidence [Electra has] overpaid. The deals are almost universally performing in accordance with or above our expectations."



Michael Stoddart, chairman of EIT, which has comfortably outperformed the All-Share

Wessex in 25% share buy-back

By Leyla Boulton, Environment Correspondent

Wessex Water yesterday proposed the repurchase of 25 per cent of its shares to enhance earnings per share and eliminate US-owned Waste Management International as a 19.5 per cent shareholder in the company.

Northern's advisers buy shares

By Peter John

Advisers to Northern Electric bought 2.3 per cent of its shares yesterday, supporting its client's attempt to beat off a £782m (£1.28bn) hostile bid from CalEnergy of the US.

is far too low." CalEnergy complained to the Takeover Panel and the company said yesterday: "This is clearly designed to frustrate the bid."

holders, many are investment funds and arbitrageurs. Yesterday's raid by BZW and Schroders was designed to pick up stock from arbitrageurs who would be expected to accept CalEnergy's hostile offer.

and helped it to thwart a bid from Westminster Health Care Holdings. Northern, which has maintained that CalEnergy's offer undervalues the company, welcomed BZW's action.

Pearson rises on trading statement

By Raymond Snoddy

The shares of Pearson, the media and entertainment group, rose 2 1/2p yesterday to 711 1/2p after the company issued a trading statement confirming that performance was in line with expectation.

Wessex is tendering to buy back 10 per cent of the ordinary shares not held by WMI, as well as all the shares of small investors owning 200 shares or fewer, at 380p. It hopes to complete this by February 1.

BZW, Northern's broker, bought 1.52m shares representing 1.56 per cent of the company. It paid 645p a share - a discount of 5p to CalEnergy's offer price.

Known as "getting stocks in the box" in the UK, it is controversial because Northern itself is not allowed to buy shares without going through the cumbersome process of getting shareholders' approval.

One precedent came in July this year when SBC Warburg, acting as merchant bank for Goldborough Healthcare, bought 4.1 per cent of its client's shares

STET advertisement including logo, company details, listing information, and contact details for the Board of Directors.

Table with columns: Turnover (£m), Pre-tax profit (£m), EPS (p), Current payment (p), Date of payment, Dividends, Total for year, Total last year.

Table with columns: NAV (p), Attributable Earnings (£m), EPS (p), Current payment (p), Date of payment, Corresponding dividend, Total for year, Total last year.

Polyindio International Finance B.V. advertisement for a US \$25,000,000 Guaranteed Floating Rate Note.

SGA SOCIETE GENERALE advertisement for floating rate notes.

SGA SOCIETE GENERALE advertisement for floating rate notes.

Advertisement for Polyindio International Finance B.V. with logo and contact information.

Rexam plans to sell off 20 businesses

By Michael Lindemann

Rexam, the packaging company, is to sell about 20 businesses as the newly installed management moves to restore the group's flagging profitability.

"there are companies out there where they would be better looked after". He said he hoped to sell the companies "as soon as possible", but the priority was to find "a better parent".

The businesses for sale have a combined turnover of £203m (£447m) representing 12.4 per cent of Rexam's £2.45bn 1996 sales. Together they reported an annual operating loss of £2m.

Rexam's shares, which reached a high of 410p earlier this year, edged up 4 1/2p to close at 341p on the announcement, reflecting investors' relief that the company was pressing ahead with the planned sell-offs.

Mr Rolf Børjesson, a Swede who took over as Rexam's chief executive in July, declined to identify the businesses which are for sale. However, the company said that the disposals would not affect its health care and the building and engineering businesses.

Management buy-outs may be a possibility, they said. Failing that, Rexam may close the businesses which together employ about 4,000 of Rexam's 37,400-strong workforce.

Bell offer for rest of Videotron

By Christopher Price

Bell Cablemedia yesterday embarked on the latest stage of the merger which will create the UK's largest cable operator when it announced an offer for the minority holding in Videotron.

panies, are quoted on Nasdaq in the US. The recommended cash offer of \$19.75 per Videotron ADS, or \$3.95 a share, is for the 18 per cent of the shares Bell does not already control. It is at the same price offered by Bell for the 56 per cent stake in October, which was completed on Tuesday and precipitated yesterday's offer. The offer values Videotron at more than \$1bn.

The offer follows the agreement in October between Cable and Wireless, Bell Cablemedia and Nynex CableComms to merge their UK telecoms and cable interests in a deal valuing the constituent parts at about \$5bn (\$8.2bn).

Videotron has 11 franchise areas covering more than 1.26m homes in the UK, of which approximately half are able to receive cable, and about a quarter subscribing for either television or telecoms services.

Dominion wins DTI bid approval

By Jane Martinson

Mr Ian Lang, the trade and industry secretary, yesterday cleared the second bid in less than a week by a US utility for a UK regional electricity company.

uncertainty about the referral. The shares closed 4p higher at 68 1/2p, although still below the 670p offer price. Analysts said the time value of money was causing the discrepancy as few doubted that the deal would not now succeed. Dominion was expected to receive further acceptances today.

The Virginia-based utility had already announced that it had won acceptances for 32.8 per cent of East Midlands. It was understood that this relatively low figure for a recommended deal was primarily because of lingering

Mr Lang said there were no reasons to refer the bids on the grounds of competition or because they were against the public interest. He described the decisions as a continuation of "my policy to consider each merger on its individual merits, and to take decisions on whether to refer mergers to the MMC primarily on competition grounds".

Advertisement for The People's Construction Bank of China, including interest rates and contact information.

Advertisement for Banque Generale du Luxembourg, including interest rates and contact information.

Advertisement for The Ministry of Defence, inviting interested parties to tender for the provision of discounted mortgage advance facilities.



INTERNATIONAL CAPITAL MARKETS

Spread widening fuels Emu fears

GOVERNMENT BONDS

By Samer Iskandar in London and Lisa Branston in New York

The 10-year yield spread of Spanish government bonds over German bonds yesterday widened slightly, reinforcing some analysts' view that the convergence process was coming to an end. Analysts at BZW in London warned that "market expectations of a further 100 to 150 basis point cut in Spanish interest rates look unjustified".

"The market has gone a long way in discounting Spain's participation in Emu from the first round," said Mr Mark Capleton, international bond strategist at BZW. He said this was mainly reflected in the swaps market, which predicts that the yield spread between Spanish and German bonds will tighten to 30 basis points in coming years. "We are not convinced that Spain will be in Emu from the outset," Mr Capleton said. As a result, BZW has downgraded both Italian and Spanish bond markets to "aggressively underweight". Since the recommendation on bonds is still "underweight", BZW's stance translates into a recommendation to reverse existing convergence trades.

Poland prepares to launch sale of telecoms

By Christopher Bobinski in Warsaw

The Polish government has completed plans for the privatisation of Telekomunikacja Polska SA (TP SA), the telecoms operator. Mr Andrzej Zieliński, telecommunications minister, told parliament yesterday that details of the sell-off were ready, and the plan would be approved by the government early next year. The plan, prepared with investment banks Schroders and CS First Boston, is believed to support the sale of a 15-20 per cent stake in TP SA, mainly through Global Depository Receipts on foreign exchanges, beginning in 1998.

Banamex meets capitalisation target of \$1.1bn

By Leslie Crawford in Mexico City

Banamex, Mexico's largest bank, yesterday completed a \$1.1bn capitalisation which will strengthen its capacity to withstand considerable write-offs on its mortgage portfolio when stricter accounting practices come into effect next year. Banamex undertook to raise 8,540m pesos (\$1.1bn) of fresh capital at the height of Mexico's financial crisis last year, as a condition for being allowed to sell 15bn pesos of bad loans - 13 per cent of its total loan portfolio - to the government. Few believed Banamex would be able to meet its target without a significant dilution of shareholder control.

Guilder issue pick of quiet day's trading

INTERNATIONAL BONDS

By Corner Middelmann

The eurobond market saw another sprinkling of deals in quiet trading, with a Dutch guilder bond for Batavia Credit Card Corp, a special purpose vehicle, featuring most prominently. The issue was for F160m - increased from F150m after strong demand - of 10-year bonds priced to yield 35 basis points over Dutch government bonds. The bonds are collateralised by Batavia's holdings of Citicorp Master Trust floating-rate notes, which are themselves backed by credit card receivables.

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Includes entries for Swedish Export Credit, Batavia Credit Card Corp, and Nordic Investment Bank.

According to an official at bookrunner Morgan Stanley, the bonds were placed mainly with Dutch institutions as well as some continental European and UK funds keen on long-dated guilder bonds with a triple-A rating and offering an attractive yield spread. He said most of the deal was placed yesterday, and the bonds closed at a spread of 35 basis points on the bid price. In the sterling sector, Swedish Export Credit launched a £10m issue of three-year unlisted bonds targeted at Japanese retail investors. According to an official at bookrunner IBI International, Japanese retail investors have been keen to diversify their currency exposure away from US, Australian and New Zealand dollars, and have been attracted by the high yields offered by sterling bonds.

points early in the year after Hanson announced its demerger plans. The Italian domestic bond market saw the launch of the longest-dated corporate bond yet: £200m of 10-year bonds for Parmalat, the world's largest dairy company. The bonds, which are being privately placed by lead manager Union Bank of Switzerland, carry a coupon of 7.25 per cent, which the issuer has the option to convert into a floating rate of 35 basis points over Italian treasury bills after five years. The recent sharp decline in Italian interest rates has made it possible for Italian corporates to issue such long-dated bonds, as investors are keen to lock in long-term yields around current levels, a UBS official said. In the French domestic market, Bouygues, the construction and telecommunications company, announced the terms of its forthcoming bond issue - its first in over 12 years - which is expected to be launched today. It plans to issue FF1.5bn of seven-year domestic bonds at a yield spread of 45 to 48 basis points over French government bonds. Banque Nationale de Paris and Crédit Lyonnais are joint lead managers.

However, a combination of alliances with foreign insurance and telecoms groups, the merger of affiliated financial companies with the bank, extra contributions from existing shareholders, and the issue of \$350m of subordinated exchangeable capital debentures in July, allowed Banamex to raise almost all the new capital without affecting its ownership structure. The final \$75m was covered by a payment from First Data Corp (FDC) to Banacel, the financial group which owns Banamex, in connection with the public offering of FDC's MoneyGram Payment Systems. Banamex handles the Mexican side of MoneyGram's electronic money transfer business, which has grown rapidly since its launch in 1990. Mexicans working in the US send home between \$5bn and \$7bn a year. MoneyGram captured \$600m of this in 1996. "Banamex was not a shareholder of FDC, but it greatly contributed to the development of the consumer money wire transfer business between the US and Mexico," Mr Manuel Medina-Mora, president and chief executive officer of Banacel, said yesterday. He said completion of the capitalisation had raised shareholder equity from 12.8bn pesos at the end of the 1995 third quarter to 20bn pesos today. Including subordinated debt, total capital was 24bn pesos, or 16 per cent of risk-weighted assets. Mr Medina-Mora said Banamex would continue to set aside provisions against mortgage defaults, as new accounting rules will force banks to reclassify as past-due many home loans now considered current.

Ghana Telecom result

Volta Communications, a government-owned utility, company controlled by Telekom Malaysia, yesterday won the bid for a 30 per cent strategic stake in Ghana Telecom, Joel Kibweo writes. The group is paying \$38m for the holding and will also assume management control of the Wireless of the US. A Second National Operator licence (SNO) designed to end Ghana Telecom's monopoly, and advertised at the same time as the strategic stake, was awarded to ACG Telesystems, a company controlled by Western Wireless of the US.

Table of World Bond Prices: Benchmark Government Bonds. Columns: Country, Coupon, Bid, Price, Days to Maturity, Yield, Week ago, Month ago.

Table of FTSE Actuaries Govt. Securities: Price Index, UK Gilts, 5-yr, 10-yr, 15-yr, 20-yr, 30-yr.

Table of UK Indices: Inflation 9%, Inflation 10%, 5-day average, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11.

Table of FT/ISMA International Bond Service: Issued, Bid, Offer, Coupon, Yield.

Table of US Interest Rates: Treasury Bills and Bond Yields, Prime rate, Fed funds rate, Fed funds at intervention.

Table of FT/ISMA International Bond Service: U.S. Dollar Straddles, Euro Straddles, Japanese Straddles.

Table of FT/ISMA International Bond Service: U.S. Treasury Bond Futures, International Long Term Japanese Govt. Bond Futures.

Table of FT/ISMA International Bond Service: U.S. Treasury Bond Futures, International Long Term Japanese Govt. Bond Futures.

Table of UK Gilts Prices: Bid, Offer, Yield, Price, 32-week, 52-week.

Table of Other Fixed Interest: Asian Govt, Euro, Japanese Govt, US Govt.

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CURRENCIES AND MONEY

Sterling returns to heights as economy surges

MARKETS REPORT

By Simon Kuper

Sterling rose yesterday to near the peak from which it nosedived early this month. It was boosted by the rising dollar, the sharpest fall in UK unemployment on record, and strong retail sales data.

The pound closed at 94.4 per cent of its 1990 value on a trade-weighted basis, compared with 94.5 per cent on December 2, the day before profit taking sent it plummeting. Despite that sharp fall, sterling has now appreciated almost 9 per cent since October 8.

It rose 1.4 pence against the D-Mark yesterday, taking its gains for the week to 3.5 pence, and closed in London at DM2.599. Against the dollar, sterling was unchanged at \$1.673.

The UK economic data - particularly the unemployment total, which fell by 95,800 to below 2m - sent

traders' expectations of rate rises soaring. Short sterling futures contracts for March 1997 fell 14 basis points, to price in base rates of more than 6.50 per cent, compared with rates of 6 per cent at present. December 1996 contracts fell just 4 basis points, as the money markets had already priced in a base rate hike at the January 15 monetary meeting between Mr Kenneth Clarke, the chancellor, and Mr Eddie George, governor of the Bank of England.

The D-Mark surrendered Tuesday's gains against the dollar as German November M3 money supply data came in slightly weaker than expected, and the Bundesbank added liquidity to the market. However, few currency strategists expect the

Bank of Portugal cut its repo rate by 20 basis points to 8.70 per cent. It also cut its rate for draining funds and its emergency lending rate by 20 basis points each, to 6.20 per cent and 8.30 per cent respectively. But the escudo softened only a touch against the D-Mark.

Bundeshank council to cut the German repo rate when it meets today.

Against the D-Mark, the dollar rebounded 0.8 pence to close at DM1.553. The dollar barely softened against the yen even though Japan's bilateral trade surplus with the US rose by 31 per cent, suggesting that the dollar's recent strength is hitting US exports. Mr Yasuo Matsushita, governor of the Bank of Japan, boosted yen sentiment when he followed other Japanese officials in saying the country's economic recovery was "starting to increase". The dollar closed just 0.101 cent against the yen at ¥113.6.

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rise before the end of the year, and because many investors were holding far more of their assets in sterling than their own guidelines said they should. Also, few were convinced that Mr Clarke would raise rates after the December 11 monetary meeting, nor, in the event, did he do so.

This time the picture is brighter for sterling. Almost all strategists expect a rate hike next month. Most of the traders and investors who wanted to sell pounds have done so. The UK economy has continued to look strong while most of its rivals have continued to falter. Yet inflation, although above Mr Clarke's target, hardly seems about to run out of control.

Most currency strategists believe so. The pound fell last time chiefly because many traders wanted to take their profits on its autumn

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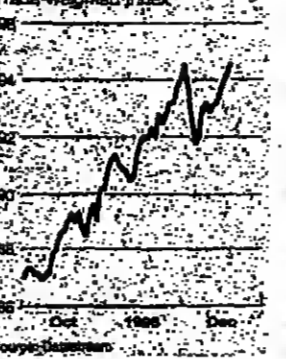
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Yesterday's wage data were tame.

The Swiss franc, which has been sinking for most of the year, hit its lowest point against the D-Mark yesterday since May 1994. It closed in London at SFR0.854, and fell to near its worst level against the dollar since January 1995, closing at SFR1.331. Earlier this week Goldman Sachs had said that selling the Swiss franc was "our favourite trade still". Other than the New Zealand dollar, which was also overpriced, the Swiss franc was "still the most misaligned currency", the bank said.

Goldman has noted "the alarming weakness of the Swiss economy, and the 'obviousness' that the franc needs to decline further to help restore some growth".

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Sterling yesterday briefly crossed the key psychological barrier of DM2.60 before falling back again. DM2.60 was the point from which it fell at the start of this month. Now it has retraced those losses. Can it go higher this time?

Most currency strategists believe so. The pound fell last time chiefly because many traders wanted to take their profits on its autumn

WORLD INTEREST RATES

MONEY RATES

Table of money rates for various countries including Belgium, France, Germany, Italy, Netherlands, Switzerland, and US.

EURO CURRENCY INTEREST RATES

Table of Euro currency interest rates for Dec 16, showing rates for various currencies and maturities.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of three-month Euro-dollar futures prices.

ONE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of one-month Euro-dollar futures prices.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of three-month Euro-dollar futures prices.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of three-month Euro-dollar futures prices.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

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THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of three-month Euro-dollar futures prices.

POUND SPOT FORWARD AGAINST THE POUND

Table of pound spot and forward rates for various countries including Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, UK, and others.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table of dollar spot and forward rates for various countries including Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, UK, and others.

CROSS RATES AND DERIVATIVES

Table of cross rates and derivatives for various currencies and derivatives.

EMES EUROPEAN CURRENCY UNIT RATES

Table of EMES European currency unit rates for various countries.

UK INTEREST RATES

Table of UK interest rates for London money rates and UK clearing bank base lending rates.

BASE LENDING RATES

Table of base lending rates for various banks including Adam & Company, Allied Irish Bank, Allied Travelex Bank, etc.

PHILADELPHIA SIX SIX MONTHS EURO-DOLLAR FUTURES (LIFE) DM250,000 points of 100%

Table of Philadelphia six six months Euro-dollar futures prices.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of three-month Euro-dollar futures prices.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) DM100m points of 100%

Table of three-month Euro-dollar futures prices.

General Motors Corporation advertisement regarding dividend declaration.

COMPTON BANCAIRE advertisement regarding floating rate notes.

SOCIETE GENERALE advertisement regarding floating rate notes.

Information on futures, options, and margined forex.

Linnco advertisement regarding brokerage connection.

Market Eye advertisement regarding real-time data.

Shares - Tax Free advertisement regarding index funds.

Fast Fills, Low Rates advertisement regarding currency exchange.

Offshore Companies advertisement regarding company formation.

Weekly Petroleum Argus advertisement regarding oil prices.

Paranex mes capitalisation target of \$1.1bn

COMMODITIES AND AGRICULTURE

Fertiliser use threatened by cereals price weakness

By Deborah Hargreaves

Buoyancy in the world fertiliser market is looking vulnerable for next year as falling grain prices push farmers to trim their planting of cereals, according to a recent report by the World Bank.

expected to rise 7.5 per cent this year, but with prices sliding so quickly, farmers could be discouraged from raising their output in 1997-98.

Mr Ole Eilertsen, director-general of the association, says the use of fertilisers in western Europe will be stable next year, with the drop in set-aside land possibly leading to a 1-2 per cent increase in demand.

every reason for European farmers to use fertilisers sparingly," he said. World fertiliser prices are also vulnerable to increasing supply from new plants around the world.

a high point last December of \$233 a tonne, to below \$200 a tonne. The World Bank says prices for potassium chloride have stalled at \$117 a tonne for most of the year.

Brazil remains strong. Mr Eilertsen said ammonia prices had been pushed up recently by some restrictions in supply from Russia, the largest producer.

Weather fears push up wheat futures

MARKETS REPORT

By Laurie Morse in Chicago and Deborah Hargreaves in London

Wheat futures prices at the Chicago Board of Trade rose yesterday as traders began to be concerned that cold weather and winter storms in the western plains meant growing areas might damage over-wintering wheat.

End to Australia Diamond sales at record despite upheaval sugar tariff urged

By Nikki Tait in Sydney

Australia should drop its tariff on sugar imports from the start of the 1997 financial year, a government-appointed review recommended yesterday.

The review's conclusions were generally welcomed by cane growers, most of whom were resigned to the removal of the tariff but fearful that the single desk marketing arrangements could also go.

All the turbulence in the diamond market in 1996 did not prevent sales by the international producers' cartel organised by De Beers of South Africa reaching a record \$4.83bn.

De Beers said rough diamond sales this year had reflected continuing strength in world retail demand for diamond jewellery, particularly in the US.

with France, Italy and the UK performing well. De Beers said the retail diamond jewellery market was growing at an average 6 per cent a year, and that the long and medium-term prospects "remain positive in most parts of the world".

Mr Eilertsen said ammonia prices had been pushed up recently by some restrictions in supply from Russia, the largest producer. Prices for delivery through the Black Sea and Baltic have risen from \$180 a tonne to \$210 a tonne in recent months.

End to Australia Diamond sales at record despite upheaval sugar tariff urged

Diamond sales at record despite upheaval

By Kenneth Gooding, Mining Correspondent

All the turbulence in the diamond market in 1996 did not prevent sales by the international producers' cartel organised by De Beers of South Africa reaching a record \$4.83bn.

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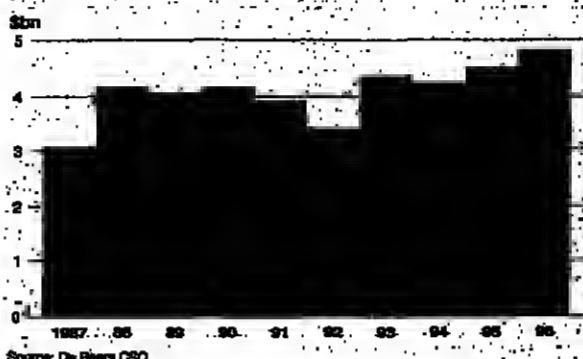
Great Central Mines joins FT gold index

By Kenneth Gooding, Mining Correspondent

Great Central Mines, which has been built into Australia's fourth-largest gold producer by entrepreneur Mr Joe Gutnick and resources director Mr Ed Esbys, is to be included in the Financial Times Gold Mines Index from January 2.

rewards in 1991 with the spectacular discovery of the Bronzewing deposit in Western Australia's Yandal Belt. Great Central was originally owned to the area by Mr Mark Creasy, a British-born prospector. He became one of Australia's richest men when Great Central paid \$817m for his 30 per cent stake in the

Rough diamond sales



Source: De Beers Group

COMMODITIES PRICES

BASE METALS

Table listing prices for various base metals including Aluminum, Lead, Nickel, Tin, Zinc, and Copper. Columns include commodity name, price, and change.

Precious Metals continued

Table listing prices for precious metals including Gold, Silver, and Platinum. Columns include commodity name, price, and change.

GRAINS AND OIL SEEDS

Table listing prices for grains and oil seeds including Wheat, Soybeans, and Barley. Columns include commodity name, price, and change.

SOFTS

Table listing prices for soft commodities including Cocoa, Coffee, and Sugar. Columns include commodity name, price, and change.

MEAT AND LIVESTOCK

Table listing prices for meat and livestock including Live Cattle, Lean Hogs, and Pork Bellies. Columns include commodity name, price, and change.

LONDON TRADED OPTIONS

Table listing prices for London traded options including Aluminum, Brent Crude, and Copper. Columns include commodity name, price, and change.

JOTTER PAD

A small table or grid used for jotting notes or calculations.

ENERGY

Table listing prices for energy commodities including Crude Oil, Heating Oil, and Natural Gas. Columns include commodity name, price, and change.

PRECIOUS METALS

Table listing prices for precious metals including Gold, Silver, and Platinum. Columns include commodity name, price, and change.

FUTURES DATA

Table listing futures data for various commodities including Wheat, Soybeans, and Corn. Columns include commodity name, price, and change.

INDICES

Table listing various indices including the FTSE 100, Nikkei, and Dow Jones. Columns include index name, value, and change.

CROSSWORD

Crossword puzzle grid with clues and a solution key provided at the bottom.

PRECIOUS METALS

Table listing prices for precious metals including Gold, Silver, and Platinum. Columns include commodity name, price, and change.

UNLEADED GASOLINE

Table listing prices for unleaded gasoline. Columns include price, and change.

MINOR METALS

Table listing prices for minor metals including Zinc, Lead, and Tin. Columns include commodity name, price, and change.

VOLUME DATA

Table listing volume data for various commodities including Wheat, Soybeans, and Corn. Columns include commodity name, volume, and change.

Palace Colander

A small puzzle or game titled 'Palace Colander' with a grid and instructions.

WORLD OVERSEAS



FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances
\* FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 878 4878 for more details.

Main table containing fund names, ISIN numbers, and performance metrics. Includes sections for 'LUXEMBOURG (REGULATED)', 'Merrill Lynch Asset Management - Contd.', and 'OFFSHORE INSURANCES'.

JANUOLIS





LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the ALCOHOLIC BEVERAGES sector with columns for company name, share price, and change.

CHEMICALS - Cont.

Table listing companies in the CHEMICALS - Cont. sector.

ENGINEERING

Table listing companies in the ENGINEERING sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the EXTRACTIVE INDUSTRIES - Cont. sector.

HOUSEHOLD GOODS - Cont.

Table listing companies in the HOUSEHOLD GOODS - Cont. sector.

INVESTMENT TRUSTS - Cont.

Table listing companies in the INVESTMENT TRUSTS - Cont. sector.

BANKS, MERCHANT

Table listing companies in the BANKS, MERCHANT sector.

DISTRIBUTORS

Table listing companies in the DISTRIBUTORS sector.

BANKS, RETAIL

Table listing companies in the BANKS, RETAIL sector.

BREWERIES, PUBS & REST

Table listing companies in the BREWERIES, PUBS & REST sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the DIVERSIFIED INDUSTRIALS sector.

BUILDING & CONSTRUCTION

Table listing companies in the BUILDING & CONSTRUCTION sector.

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Now trading
24 hours a day
Visit us at http://www.watchesofswitzerland.co.uk and you
can enter our free draw to win an exclusive Swiss watch.

Watches of Switzerland
Neutral about most things. cuckoo about watches.

ENGINEERING - Cont.

Table listing companies in the ENGINEERING - Cont. sector.

FOOD PRODUCERS - Cont.

Table listing companies in the FOOD PRODUCERS - Cont. sector.

ELECTRICITY

Table listing companies in the ELECTRICITY sector.

ELECTRONIC & ELECTRICAL EQUIP

Table listing companies in the ELECTRONIC & ELECTRICAL EQUIP sector.

ENGINEERING, VEHICLES

Table listing companies in the ENGINEERING, VEHICLES sector.

GAS DISTRIBUTION

Table listing companies in the GAS DISTRIBUTION sector.

HEALTH CARE

Table listing companies in the HEALTH CARE sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the EXTRACTIVE INDUSTRIES sector.

HOUSEHOLD GOODS

Table listing companies in the HOUSEHOLD GOODS sector.

BUILDING MATS. & MERCHANTS

Table listing companies in the BUILDING MATS. & MERCHANTS sector.

CHEMICALS

Table listing companies in the CHEMICALS sector.

INV TRUSTS SPLIT CAPITAL

Table listing companies in the INV TRUSTS SPLIT CAPITAL sector.

مكتبة الشارقة

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

LIFE ASSURANCE - Cont.

Table listing life assurance companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

PROPERTY

Table listing property companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

RETAILERS, FOOD

Table listing retailers and food companies with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies with columns for name, price, and change.

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

AIM - Cont.

Table listing AIM companies with columns for name, price, and change.

AMERICANS

Table listing American companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service are defined by Exet, part of Financial Times Information. Company classifications are based on those used for the FTSE 100 and FTSE 250. Details of the service are available on request.

THE PERFECT EXCUSE TO PUT YOUR ARMS AROUND A WOMAN'S NECK THIS CHRISTMAS. MAPPIN & WEBB. 1867 YELLOW GOLD DIAMOND CROSS PENDANT, 5.15g. BRANCHES NATIONWIDE. FLAGSHIP STORE AT 178 REGENT STREET, LONDON. TELEPHONE 0171 794 3061.

LONDON STOCK EXCHANGE

Bid action sees Footsie sail through 4,000

MARKETS REPORT

By Steve Thompson, UK Stock Market Editor

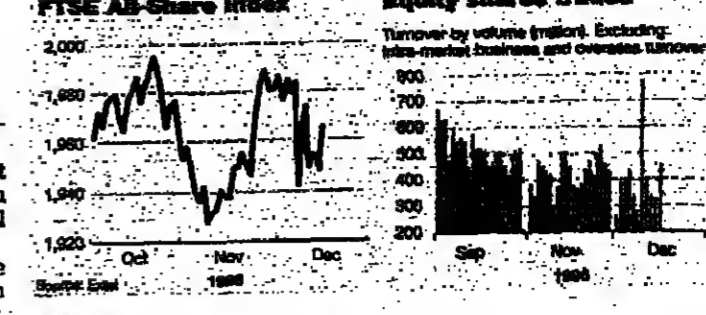
The appearance of two more bids was exactly what the London market needed yesterday to offset the impact of economic news, regarded as increasing the chances of a rise in UK interest rates next month.

behind, spiralling upwards and eventually closing 38.6 higher at 4,018.2. The FTSE 250 gained 16.5 to 4,380.5 and the FTSE SmallCap 8.9 to 2,140.6.

International news was also positive. The US Federal Reserve's Open Market Committee left interest rates unchanged, giving a fillip to Wall Street on Tuesday. The Dow Jones Industrial Average gave another powerful performance yesterday, pushing up a further 35 points well after London closed.

Enterprise's £1.3bn agreed bid for London Electricity came as no real surprise, having been widely predicted in the press. But the £432m offer for Clyde

in receipt of a buy recommendation from Cazenove. All this meant that the market was able to ignore a sharp fall in unemployment and strong retail sales figures.



Indices and ratios table showing FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, and FTSE All-Share yield. Also includes Best performing sectors and Worst performing sectors.

Bid move inspires oils

By Peter John, Joel Kibazo and Lisa Wood

Clyde Petroleum was the principal surprise yesterday. Just when analysts thought it was safe to start going out for Christmas drinks, Gulf Canada came in with a 105p share bid.

feeling that there may be other interested parties, with names such as PanCanadian, Anadarko and Apache were cited. Yesterday, Clyde jumped 24 to 118 1/2p, Lasso 7 1/2 to 27 1/2p, Enterprise 24 to 56 1/2p, Premier 2 1/2 to 32 1/2p, Monument 4 to 63p and Cairn 2 1/2 to 41 1/2p.

independence however, Mr Adam Forsyth argued that the London move translated to only 700p a share and shareholders were unlikely to receive a much better offer. Meanwhile, London Electricity gained 13 to 696 1/2p after Enterprise's 705p a share offer.

figure if estimated losses on the sale of fixed assets are included. Analysts may be re-examining forecasts in the wake of Sherwood's and Coats Viyella's warnings.

make BA much profit but allows it to concentrate on its proposed strategic alliance with American Airlines. British Telecom hardened a penny to 383 1/2p, in trade of 12m, after it announced increased retail prices for calls to services operated by mobile phone companies One and Orange.

FUTURES AND OPTIONS table showing FTSE 100 INDEX FUTURES (LFFE) and FTSE 100 INDEX OPTION (LFFE) prices and changes.

attitudes about valuation varied widely. One of the more cautious sector analysts argued that an offer of between 60p and 70p a share was more realistic, particularly as oil prices were set to dive as the cold winter weather dies away.

Also, Northern claimed that Enterprise's bid for London Electricity, which had been widely flagged in the weekend press, would translate at 780p a share if it had been made for Northern. Northern made a last ditch plea to shareholders to reject the US attack and Northern fell 5 1/4 to 630p.

sears slipped one penny to 91p following a couple of downgrades, including one from Merrill Lynch, which reduced its full year forecast from £15m to £10m. This was because of concern about a deterioration in the footwear and agency mail order businesses.

Components group TAN surrendered some of its recent gains, closing 2 1/2p lighter at 172 1/2p, with Merrill Lynch said to have advised clients to switch out of the stock and into GKN, which eased to 104 1/2p.

The market was cheered by the news that British Airways is to sell its 25 per cent stake in US carrier USAir. The shares appreciated 9% to 60 1/2p in trade of 5m, with one market specialist saying: "The sale is unlikely to

TRADING VOLUME table showing Major Stocks Yesterday with columns for Vol, Closing, and % Change.

FT 30 INDEX table showing Dec 18 Dec 17 Dec 16 Dec 15 Dec 14 Dec 13 Dec 12 Yr ago High Low.

SEAO benchmark table showing Equity turnover, Equity bargainer, Shares traded, and other metrics.

FTSE AIM table showing Dec 18 Dec 17 Dec 16 Dec 15 Dec 14 Dec 13 Dec 12 Yr ago High Low.

London market data table showing Shares traded, Total value, and other market statistics.

FT GOLD MINES INDEX table showing Dec 18 Dec 17 Dec 16 Dec 15 Dec 14 Dec 13 Dec 12 Yr ago High Low.

FTSE Actuaries Share Indices table showing Dec 18 Dec 17 Dec 16 Dec 15 Dec 14 Dec 13 Dec 12 Yr ago High Low.

Advertisement for Children in Crisis featuring a photo of a child and text: 'THE ONLY THING BOSNIAN LANDMINES HAVEN'T STOPPED RUNNING IS ADS LIKE THIS. War in Bosnia, with all its fear, injury and death has now been replaced by peace in Bosnia, with all its fear, injury and death.'

FTSE Actuaries Share Indices table showing Dec 18 Dec 17 Dec 16 Dec 15 Dec 14 Dec 13 Dec 12 Yr ago High Low. Includes sub-sections for FTSE 100, FTSE 250, FTSE 350, and FTSE All-Share.

FTSE INTERNATIONAL logo and contact information for FTSE Actuaries.

Handwritten text in a box at the top right of the page.

WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

EUROPE

ASIA (Dec 18/96)

Table of stock prices for Asian markets including Hong Kong, Singapore, and others.

GERMANY (Dec 18/96)

Table of stock prices for German markets including DAX and various companies.

FRANCE (Dec 18/96)

Table of stock prices for French markets including CAC and various companies.

NETHERLANDS (Dec 18/96)

Table of stock prices for Dutch markets including AEX and various companies.

FINLAND (Dec 18/96)

Table of stock prices for Finnish markets including HEX and various companies.

SPAIN (Dec 18/96)

Table of stock prices for Spanish markets including IBEX and various companies.

ITALY (Dec 18/96)

Table of stock prices for Italian markets including ISEQ and various companies.

GREEK (Dec 18/96)

Table of stock prices for Greek markets including ASE and various companies.

PORTUGAL (Dec 18/96)

Table of stock prices for Portuguese markets including BVL and various companies.

ISRAEL (Dec 18/96)

Table of stock prices for Israeli markets including TAQX and various companies.

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NETHERLANDS (Dec 18/96)

Table of stock prices for Dutch markets including AEX and various companies.

Advertisement for Rockwell technology, featuring the text 'Rockwell's advanced technology is helping railroads improve performance and promote safety.' and the Rockwell logo.

INDICES

Table of various stock indices including DAX, ISEQ, and others.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, and others.

AFRICA

Table of stock prices for African markets including JSE and others.

ASIA

Table of stock prices for Asian markets including Nikkei and others.

NETHERLANDS

Table of stock prices for Dutch markets including AEX and others.

INDEX FUTURES

Table of index futures prices for various markets.

NETHERLANDS

Table of stock prices for Dutch markets including AEX and others.

NETHERLANDS

Table of stock prices for Dutch markets including AEX and others.

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Table of stock prices for Dutch markets including AEX and others.

NETHERLANDS

Table of stock prices for Dutch markets including AEX and others.

FTSE logo at the bottom left corner.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Advertisement for HP's Vault ahead computer system, featuring the HP logo and text: 'If the business decisions are yours, the computer system should be yours. http://www.hp.com/go/computing'

Continued on next page

Handwritten Arabic text at the top of the page.

4 pm (GMT) December 19

NYSE PRICES

Continued from previous page

Table of NYSE stock prices including columns for stock name, price, and change. Includes entries like 3M, 4M, 5M, etc.

Continued from previous page

Table of NYSE stock prices including columns for stock name, price, and change. Includes entries like 6M, 7M, 8M, etc.

Continued from previous page

Table of NYSE stock prices including columns for stock name, price, and change. Includes entries like 9M, 10M, 11M, etc.

NASDAQ NATIONAL MARKET

4 pm (GMT) December 19

Continued from previous page

Table of NASDAQ stock prices including columns for stock name, price, and change. Includes entries like ABB, ABC, etc.

Continued from previous page

Table of NASDAQ stock prices including columns for stock name, price, and change. Includes entries like 12M, 13M, etc.

Continued from previous page

Table of NYSE stock prices including columns for stock name, price, and change. Includes entries like 14M, 15M, etc.

Continued from previous page

Table of NYSE stock prices including columns for stock name, price, and change. Includes entries like 16M, 17M, etc.

Continued from previous page

Table of NYSE stock prices including columns for stock name, price, and change. Includes entries like 18M, 19M, etc.

Continued from previous page

Table of NASDAQ stock prices including columns for stock name, price, and change. Includes entries like 20M, 21M, etc.

Continued from previous page

Table of NASDAQ stock prices including columns for stock name, price, and change. Includes entries like 22M, 23M, etc.

AMEX PRICES

4 pm (GMT) December 19

Table of AMEX stock prices including columns for stock name, price, and change. Includes entries like A, B, C, etc.

Table of AMEX stock prices including columns for stock name, price, and change. Includes entries like D, E, F, etc.

Table of AMEX stock prices including columns for stock name, price, and change. Includes entries like G, H, I, etc.

Advertisement for Financial Times newspaper with the headline 'Have your FT hand delivered in Germany.' and contact information.

Dow gains ground Bid fever engulfs Paris, Stockholm as techs rebound

AMERICAS

US shares were stronger at midsession as technology shares continued to rebound from the weakness seen through most of this month...

EUROPE

Bowled along by a fresh outbreak of takeover fever, PARIS staged one of the day's stronger performances with the CAC 40 closing 25.19 or 1.15 per cent higher at 2,218.88.

ASIA PACIFIC

Profit taking in international blue chips combined with heavier selling of non-life insurance issues, in response to last weekend's US-Japan agreement on deregulation of Japan's market...

FTSE Actuaries Share Indices

Table with columns for Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11. Rows include FTSE 100, FTSE 250, FTSE 1000, and various regional indices.

THE EUROPEAN SERIES

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Table with columns for Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11. Rows include FTSE 100, FTSE 250, FTSE 1000, and various regional indices.

Fragile S Africa sees buyers return

Buyers returned to Johannesburg, partly reversing Tuesday's heavy shake-out. But turnover was seasonally low and sentiment remained fragile.

on Tuesday, had added 30.9 to 6,414.9 following a rise of 83.2 to 7,685.1 for the industrial index.

De Beers, which announced record rough diamond sales, suffered from the ending of a Russian diamond marketing agreement.

Crestfallen Tokyo takes 1.6% tumble

Toshiba by Y13 to Y71. By contrast Oriental Land, the operator of Tokyo Disneyland, broke out of its downward trend after performing poorly since its listing on the Tokyo exchange last week, adding Y40 to Y81.40.

In Osaka, the OSE average fell 218.28 to 20,474.39 in volume of 51.5m shares.

BANGKOK closed at a 41-month low on steady foreign selling. The SET index came off 13.41 or 1.55 per cent to 853.82 after another session of subdued volume.

Non-life insurers dropped by more than 3 per cent on concerns that Japan's agreement to open up the non-life insurance market to foreign competitors would hurt domestic companies.

Yaohan Japan, a regional supermarket operator, continued to slide, falling Y26 to Y415 following its announcement Monday of an extensive restructuring programme entailing the sale of some assets.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Table with columns for Market, No. of stocks, Dec 15 1996, % Change over week on Dec '95, Dec 15 1996, % Change over week on Dec '95. Rows include Latin America, Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela, Asia, China, South Korea, Philippines, Taiwan, India, Indonesia, Malaysia, Pakistan, Sri Lanka, Thailand, Euro/Mid East, Czech Rep, Greece, Hungary, Jordan, Poland, Portugal, South Africa, Turkey, Zimbabwe, Composite.

Shares in Seoul moved lower for the sixth day running, extending their declines to more than 30 per cent since the peaks of early May, writes Jeffrey Brown.

THE WON

The won has depreciated sharply this year, but company earnings remain depressed and the currency falls have given foreign investors a further incentive to reduce their portfolio weightings.

THE TRADE DEFICIT

The trade deficit is forecast to approach the equivalent of \$20bn this year, almost double the 1995 deficit. Semiconductor exports, which were forecast to rise to more than \$30bn, look like ending 1996 at less than \$20bn.

ATTEMPTS TO BOLSTER STOCK MARKET SENTIMENT

Attempts to bolster stock market sentiment, notably through easing the cost of margin trading loans, and there have been occasional glimmerings of bargain-hunting in recent sessions.

HIGH TECHNOLOGY STOCKS

High technology stocks also retreated, with Fujitsu down Y30 to Y1,060 and

AMONG PROPERTY DEVELOPERS

Among property developers, Cheung Kong fell 50 cents to HK\$94.00 and Sun Hung Kai Properties 25 cents to HK\$90.75.

AMONG CONGLOMERATES

Among conglomerates, Wharf shed 90 cents to

FT/S&P ACTUARIES WORLD INDICES

Large table with columns for REGIONAL MARKETS, US, Day's Change, % Change, 17 Dec 1996, Local Currency, % chg, 17 Dec 1996, Gross Div. Yield, MONDAY DECEMBER 16 1996, US Round Index, % chg, 16 Dec 1996, Local Currency, % chg, 16 Dec 1996, DOLLAR INDEX, Year, % chg, 16 Dec 1996. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, Americas, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex UK, Pacific Ex Japan, World Ex US, World Ex UK, World Ex Japan.

Advertisement for BZ Investment Bank. Text: 'OF COURSE YOU NEED AN INVESTMENT BANK WITH KEEN BRAINS TO COME UP WITH THE ANSWERS BUT YOU ALSO NEED ONE WITH THE FINANCIAL STRENGTH TO PUT ITS MONEY WHERE ITS ADVICE IS'. Includes a large image of a globe and the BZ logo.

Large advertisement for 'Poulenc' animal drugs. Text: 'Poulenc and Merck link animal drugs'. Includes a large image of a medicine bottle.

Handwritten signature or note at the bottom of the page.